

CITY OF GRAIN VALLEY, MISSOURI

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

CITY OF GRAIN VALLEY, MISSOURI

TABLE OF CONTENTS

INTRODUCTORY SECTION

PRINCIPAL OFFICIALS iii

MANAGEMENT’S DISCUSSION AND ANALYSIS..... v

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT 1

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

 Statement of Net Position..... 4

 Statement of Activities 5

Government Fund Financial Statements:

 Balance Sheet..... 6

 Reconciliation of the Governmental Funds Balance Sheet to the Statement
 of Net Position..... 8

 Statement of Revenues, Expenditures, and Changes in Fund Balance 10

 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities 12

Proprietary Fund Financial Statements:

 Statement of Net Position..... 13

 Statement of Revenues, Expenses, and Changes in Fund Net Position 14

 Statement of Cash Flows 15

Notes to Financial Statements 18

REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN MD&A:

 Missouri Local Government Employees Retirement System 52

 Schedule of Contributions..... 53

 Schedules of Revenues, Expenditures, and Changes in Fund Balance --

 Actual and Budget -- Major Funds:

 General Fund 54

 Park..... 55

 Transportation 56

CITY OF GRAIN VALLEY, MISSOURI

TABLE OF CONTENTS

SUPPLEMENTAL INFORMATION:

Combining Statements of Non-Major Governmental Funds:

Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	60
Budgetary Comparison Schedules -- Major Governmental Funds	62
Budgetary Comparison Schedules -- Non-Major Governmental Funds	63

CITY OF GRAIN VALLEY, MISSOURI

Mayor & Board of Aldermen

Mike Todd Mayor
Dale Arnold Ward 1
Chris Bamman Ward 1
Nancy Totton..... Ward 2
Yolanda West..... Ward 2
Bob Headley Ward 3
Jeffrey Coleman (Mayor Pro-Tem)..... Ward 3

Administration & Department Heads

Ryan HuntCity Administrator
Ken Murphy..... Assistant City Administrator
David Starbuck.....Police Chief
Cathy Bowden.....Finance Director
Shannon Davies.....Director of Parks & Recreation
Rick Arroyo Community Development Director
Theresa Osenbaugh City Clerk

City Attorney..... Jim Cook
Independent Certified Public Accountants Troutt, Beeman & Co., P.C.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The City of Grain Valley's Annual Financial Report provides readers with a narrative overview and analysis of the City's financial performance during the fiscal year that ended on December 31, 2017. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report, the City's basic financial statements, and notes to the financial statements, to enhance their understanding of the activities and financial health of The City of Grain Valley.

FINANCIAL HIGHLIGHTS

- Total City debt was reduced by \$2,420,246 or 11.2% in 2017
- Net assets of the City increased \$597,779 or 1.0% during fiscal 2017. A portion of the increase was in cash from capital projects that were not completed. Funds for these projects were reallocated in 2018 budget. Projects from prior years were completed and recorded as capital assets along with the purchase of capital assets.
- Unrestricted net position increased \$1,311,416 in 2017. \$477,879 of this amount is attributed to Governmental Activities and \$833,537 in business-type activities.
- During fiscal 2017, the City's governmental funds expenditures of \$7,697,587 were \$1,074,696 less than the \$8,772,283 generated in taxes and other revenues for governmental programs.

This discussion and analysis is intended to serve as an introduction to the City's *Basic Financial Statements*. The Basic Financial Statements consists of three components: government-wide financial statements, fund financial statements (including component unit statements), and notes to the financial statements. In addition, this report contains other *Required Supplementary Information*, a *Supplemental Information* section that presents *combining statements* for non-major governmental funds (along with actual and budget comparison schedules), and a *Statistical Section* which includes supplemental disclosure information.

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - *Governmental Fund* statements tell how *general government* services like public safety, public works, health and welfare, parks, and storm water were financed in the short-term as well as what remains for future spending.
 - *Proprietary Fund* statements offer short-term and long-term financial information about the activities the City government operates similar to a private business.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required components, a section is included with combining statements that provide further detail about our non-major governmental funds, each of which are added together and presented in single columns in each of the basic financial statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The statement of net position includes all of the government's assets, deferred outflows/inflows and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when and how they have changed. Net position, the difference between the City's assets, and deferred inflow/outflows, is one way to measure the City's financial position.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial condition is improving or deteriorating, respectively.
- To assess the overall condition of the City, consideration should be given to additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads and other infrastructure.

The government-wide financial statements of the City are divided into three categories:

- *Governmental activities*: Most of the City's basic services are included here, such as public safety, roads and bridges, parks and recreation, and general

administration. Sales taxes, property taxes, charges for services, and State and Federal grants finance most of these activities.

- *Business-type activities:* The City charges fees to customers to help cover the costs of certain services it provides. The City's only Enterprise Fund is the Water/Sewer Fund.
- *Component units:* The City currently has no situations or relationships which would be classified as component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into two categories: governmental and proprietary funds.

- *Governmental funds:* Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the subsequent page of the governmental funds statement that explains the relationship (or differences) between the two types of statements.
- *Proprietary funds:* Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds report the functions presented as business-type activities in the government-wide statements.
 - The City's *Enterprise Funds* are classified as a business-type activity on the government-wide statements, but more detailed information is provided in the Proprietary Fund Statements, such as its cash flows.
- *Notes to the financial statements:* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financials.

Government-Wide Financial Analysis

Net Position. As discussed earlier, net position may serve as a useful indicator of a government's financial position. As of December 31, 2017, the City's net assets were \$35,170,345. Table A provides a summary of the City's governmental and business-type net assets for fiscal 2017.

Table A
Combined Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Assets						
Cash and other assets	\$ 9,118,155	\$ 10,569,762	\$ 5,581,410	\$ 6,512,204	\$ 14,699,565	\$ 17,081,966
Total capital assets	28,364,068	27,485,836	13,855,054	13,271,388	42,219,122	40,757,224
Total assets	\$ 37,482,223	\$ 38,055,598	\$ 19,436,464	\$ 19,783,592	\$ 56,918,687	\$ 57,839,190
Deferred outflows/inflows						
Pension	\$ 585,893	\$ 346,404	\$ 187,763	\$ 104,528	\$ 201,149	450,932
Total assets and deferred outflows of resources	\$ 38,068,116	\$ 38,402,002	\$ 19,624,227	\$ 19,888,120	\$ 57,119,836	\$ 58,290,122
Liabilities						
Current and other liabilities	\$ 2,435,111	\$ 2,409,221	\$ 1,216,497	\$ 1,291,233	3,651,608	\$ 3,700,454
Long-term debt outstanding	17,986,046	16,060,258	1,544,906	958,356	19,530,952	17,018,614
Total liabilities	\$ 20,421,157	\$ 18,469,479	\$ 2,761,403	\$ 2,249,589	\$ 23,182,560	\$ 20,719,068
Deferred Inflows						
Property Taxes	\$ 1,897,348	\$ 2,185,253	\$ -	\$ -	1,897,348	\$ 2,185,253
Pension	\$ 139,312	\$ 147,829	\$ 48,628	\$ 64,627	187,940	\$ 212,456
Total deferred inflows	\$ 2,036,660	\$ 2,333,082	\$ 48,628	\$ 64,627	\$ 2,085,288	\$ 2,397,709
Net Position						
Net Investment in Capital Assets	\$ 15,091,646	\$ 16,071,142	\$ 12,776,550	\$ 12,683,862	\$ 27,868,196	\$ 28,755,004
Restricted:						
Capital projects & Other	2,929,762	2,958,913	-	-	2,929,762	2,958,913
Debt Service	616,665	1,116,281	399,418	418,277	1,016,083	1,534,558
Unrestricted	(3,027,774)	(2,549,895)	3,638,228	4,471,765	610,454	1,921,870
Total net Position	\$ 15,610,299	\$ 17,596,441	\$ 16,814,196	\$ 17,573,904	\$ 32,424,495	\$ 35,170,345
Total net position, liabilities, and deferred inflows	\$ 38,068,116	\$ 38,399,002	\$ 19,624,227	\$ 19,888,120	\$ 57,692,343	\$ 58,287,122

Total net position for the City at December 31, 2017, was \$35,170,345 with \$17,573,904 attributed to business-type activities and \$17,599,441 attributable to governmental activities.

At the end of fiscal 2017 the City had \$40,754,224, net of accumulated depreciation, invested in a variety of capital assets, including land, buildings, construction in progress, law enforcement equipment, heavy equipment for the maintenance of roads and bridges, as well as, the addition of infrastructure. This was a decrease of \$1,464,898 over 2016 attributed to the accumulated depreciation recorded for the capital assets.

The largest portion of the City's net position represents the net investment in capital assets, (e.g. land, buildings, machinery, equipment); less any related outstanding debt used to acquire the assets. These capital assets are used for the purpose of providing services to the City of Grain Valley citizens; therefore, they are not available for future spending.

Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$2,958,913 of restricted assets represents unspent bond proceeds for roads, future capital projects, court and prepaid expenses while the \$1,534,558 restricted for debt service are funds collected and being held to pay off bonds and restricted for that use.

Governmental Activities. Table B (see next page) presents fiscal 2016 and 2017 revenues and expenditures for the primary government as they are reported in the Statement of Activities in the basic financial statements. The revenues and expenditures include the Governmental Funds (General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds) and Enterprise Funds (Water and Sewer Fund).

Sales taxes increased 3.4% which indicates economic conditions continued to improve in retail activity. The increase is a combination of improved vehicle sales, new taxes from telecommunication companies and new businesses that opened. Permits for residential and commercial growth also showed an increase reflective of general economic conditions which correspond directly with the small growth in sales tax revenue. Sales taxes were 27.2% of revenue in the governmental funds.

Property taxes for the General Fund had a slight increase in 2017. The continued moderate growth in new construction and increased assessed value contributed to the increase.

Economic Development activity within the TIF project area #2 has improved. The Movie Theater and convenience store have been meeting revenue projections. The new developer for the project has constructed a grocery store scheduled to open in 2018 along with additional businesses. TIF project 1A has a fast food restaurant and an auto parts store that produces additional sales taxes. They have contributed to the revenue needed for debt payments.

Parks and recreation expenses increased slightly as a result of the engineering and construction of the Dillingham Trail.

Business-type Activities: Overall revenues had an increase of \$321,941, or 5.9% compared to 2016 as a result of increased building permits. There were no rate increases in 2017. Expenses increased \$44,936 or 0.9% over 2016 from an increase in cost of water purchased, line maintenance and treatment costs.

Table B
City of Grain Valley, Missouri - Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Revenues						
<u>Program Revenues</u>						
Charges for Services	\$ 654,710	\$ 737,216	\$ 5,408,370	\$ 5,709,320	\$ 6,063,080	\$ 6,446,536
Operating Grants and Contributions	864,242	848,334	-	-	864,242	848,334
<u>General Revenues</u>						
Taxes:						
Property Taxes-general purposes	961,469	984,292	-	-	961,469	984,292
Property Taxes-specific purposes	2,765,522	2,590,114	-	-	2,765,522	2,590,114
Franchise Taxes	1,074,155	1,076,180	-	-	1,074,155	1,076,180
Sales Taxes	2,309,220	2,388,160	-	-	2,309,220	2,388,160
Unrestricted Investment Earnings	39,311	65,339	8,472	21,572	47,783	86,911
Gain/Loss Sale of Asset	-	-	-	-	0	-
Miscellaneous	244,405	84,744	38,625	46,516	283,030	131,260
Total Revenues	8,913,034	8,774,379	5,455,467	5,777,408	14,368,501	14,551,787
Expenses						
General Government	744,509	917,222	-	-	744,509	917,222
Municipal Court	135,630	112,469	-	-	135,630	112,469
Public Safety	1,999,340	2,061,904	-	-	1,999,340	2,061,904
Planning & Engineering	362,000	357,990	-	-	362,000	357,990
Economic Development Projects	501,178	482,284	-	-	501,178	482,284
Public Works	1,312,678	1,410,118	-	-	1,312,678	1,410,118
Parks and Recreation	974,187	1,051,270	-	-	974,187	1,051,270
Public Health	48,855	41,613	-	-	48,855	41,613
Bond Costs	131,960	-	-	-	131,960	-
Interest on Long-term Debt	461,966	353,367	-	-	461,966	353,367
Business-type Activities	-	-	4,972,764	5,017,700	4,972,764	5,017,700
Total Expenses	6,672,303	6,788,237	4,972,764	5,017,700	11,645,067	11,805,937
Changes in net assets	2,240,731	1,986,142	482,703	759,708	2,723,434	2,745,850
Net Position at beginning of year	13,369,568	15,610,299	16,331,493	16,814,196	29,701,061	32,424,495
Net Position at end of year	\$ 15,610,299	\$ 17,596,441	\$ 16,814,196	\$ 17,573,904	\$ 32,424,495	\$ 35,170,345

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds Overview. The City of Grain Valley uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As described earlier, the City's governmental funds provide information on short-term inflows and outflows, as well as what remains for future spending. Such information is useful in assessing the City's financing requirements. For example, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The following information is supplemental to the information presented in the previous section (Table B).

At the end of fiscal 2017, the City of Grain Valley reported a combined fund balance of \$7,667,024 in the Governmental Funds. Of the total combined fund balance, 22.9% is unassigned fund balance. This is the portion of fund balance which serves as a measure of current available financial resources. This share of the fund balance is further divided into General Fund, Special Revenue Funds, Capital Projects Fund, and Debt Service Funds. Total fund balance increased \$1,078,766 in fiscal 2017 primarily due to a fiscal policy to closely monitor expenses and an increase in revenues. There were also capital projects that were not completed that are scheduled to be completed in 2018.

The restricted fund balance represents resources not available for spending or those on which legal restrictions have been placed.

The General Fund, Park Fund, Transportation Fund, MKT PL NID and Debt Service Fund are the City's four major governmental funds.

General Fund. The General Fund of the City of Grain Valley accounts for all transactions not required to be accounted for in other funds. As the City's major operating fund, the General Fund accounts for ordinary operating expenditures financed primarily by property taxes, sales tax and charges for services. The General Fund completed the year with a fund balance of \$2,898,104, increasing \$470,160 from 2016. The fund balance is 62.9% unassigned while the remaining 37.1% is non-spendable, restricted or committed.

Park Fund. The Park Fund accounts for Parks and Recreation property tax, sales tax, and user fees collected for the purpose of providing parks services for the City. This includes land purchasing, parks projects, equipping, maintaining, and operating the parks and recreation facilities. The Park Fund ending fund balance was \$937,455; a decrease of \$44,171 from the prior year's ending balance. All of the Park Fund balance is restricted and non-spendable.

Transportation Fund. The Transportation Fund accounts for the operations and maintenance of roads and bridges within the City. Financing is provided primarily by a ½ cent transportation sales tax and other intergovernmental revenues from the State. The Transportation Fund ended with a restricted fund balance of \$1,089,491. \$6,682 of the balance is non-spendable.

Debt Service Fund. The Debt Service Fund accounts for revenue generated by property tax levy for payment of general obligation bonds. The fund has a restricted fund balance of \$899,891.

The following funds are non-major governmental funds:

Grain Valley Marketplace Neighborhood Improvement District (NID). The NID Fund was established to record the bond proceeds and revenues from special assessments within the NID. It tracks the eligible expenses for NID improvements.

Public Health Fund. The Public Health Fund is a special revenue fund supported by property tax levy to provide health related programs. The fund has a restricted fund balance of \$91,540.

Tourism Fund. This fund is a special revenue fund that records the hotel/motel taxes collected. The revenues are used to promote the city and economic development. The fund balance at the end of 2017 was \$35,282. In 2017 funds were used to purchase lots on Main Street for economic development incentives.

2011 GO Bond Fund. The 2011 GO Bond Fund accounts for the monies from the 2011 Bond proceeds. The bonds were issued for the I-70 Interchange and street improvements. At the end of 2017 the fund had a restricted balance of \$184,819.

2012 IDA TIF Fund. The IDA TIF Bond Fund was set up according to the bond ordinance to track the activity within the TIF District project area #2. It accounts for the bond proceeds and revenue from the project activity.

General Fund Budgetary Highlights

The Board of Aldermen revised the budget of the General Fund once at the end of 2017. The amendment did not increase expenditures.

Actual revenues were \$24,767 more than the final budgeted revenues. The major areas accounting for this difference were:

- Property and Sales Taxes were \$26,441 more than budgeted.
- Intergovernmental revenues were less than budgeted.
- Investment earnings were more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City of Grain Valley's investment in capital assets for governmental and business-type activities is \$40,757,244, net of accumulated depreciation. This includes land, buildings, improvements, equipment, roads, bridges, and construction in progress. Major capital asset projects funded this year are as follows:

- General Fund – 1 Police vehicle plus equipment, Software additions
- Parks Fund- John Deere mower, dump truck, pre-fab restroom, Dillingham Trail
- Public Works Capital Expenses–Vehicles and Equipment, Additional software

Additional information on the City’s capital assets can be found in Note 4 on pages 29 to 30 of this report.

Debt Administration. The City of Grain Valley had various forms of debt during fiscal 2017. No additional debt was issued in 2017.

Table C below shows the City’s outstanding debt by type for 2016 and 2017.

Table C
Outstanding Debt

	Governmental		Business-type		Total	
	2016	2017	2016	2017	2016	2017
General Obligation Bonds	12,814,676	11,299,676	-	-	12,814,676	11,299,676
Certificates of Participation	1,060,000	865,000	-	-	1,060,000	865,000
TIF Bonds	2,555,000	2,470,000	-	-	2,555,000	2,470,000
NID Notes	-	-	-	-	0	-
NID Bonds	3,035,000	3,035,000	-	-	3,035,000.00	3,035,000
Sewerage Revenue Bonds	-	-	1,905,000	1,380,000	1,905,000	1,380,000
2015 Land Purchase Loan	122,398	82,202	122,398	82,202	244,796	164,404
Capital Leases	19,854	-	-	-	19,854	0
Total	\$ 19,606,928	\$ 17,751,878	\$ 2,027,398	\$ 1,462,202	\$ 21,634,326	\$ 19,214,080

The City’s debt for governmental activities decreased in fiscal 2017 from \$19,606,928 to \$17,751,878 or 9.5%. The decrease was the net of annual principal payments for the bonds additional leases and loan for land purchased for future use. All principal and interest payments were made according to schedule.

Outstanding debt for business-type activities decreased by \$565,196. Payments on all outstanding debt made according to existing amortization schedules. A loan agreement was entered into to purchase land for future use.

Total debt decreased a net of \$2,420,246 or 11.2%.

Additional information on the City’s long-term debt can be found in Note 6 on pages 35 to 41 of this report.

ECONOMIC FACTORS, 2017 BUDGET AND TAX RATES

- The City's fiscal 2017 General Fund budgeted revenues increased 1.0% from the fiscal 2016 budget. The increase is due to an increase in property tax and sales taxes. Budgeted expenditures decreased 1%. This is the result of a decrease in capital purchases and changes in personnel allocations. Revenue received in the governmental funds decreased 1.5% as a result of less MODOT and developer reimbursements.
- The City has a 1 cent general sales tax as well as ½ cent sales tax for Park, ½ cent for Transportation, and ½ cent for capital improvement. Sales tax revenue increased 3.4% as a result of new and expanded businesses and a continued increase in local shopping and vehicle sales.
- The City's 2017 property tax levies have been adopted by the Board of Alderman and approved by the State Auditor's Office. The levies total \$1.7294 per \$100 of assessed value.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for our citizens, taxpayers, customers, investors, creditors, and other interested parties, and also to show our accountability for the monies entrusted to our care. If you have questions about this report or need additional financial information, contact Director of Finance, The City of Grain Valley, 711 Main Street, Grain Valley, Missouri 64029.

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TROUTT, BEEMAN & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Members of the
Board of Alderman
City of Grain Valley, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grain Valley, Missouri (the City), as of the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

City of Grain Valley, Missouri's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grain Valley, Missouri, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Missouri Local Government Employees Retirement System, and Budgetary Comparison Information on pages v through xiv and 51 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grain Valley, Missouri's basic financial statements. The combining and individual non-major fund financial statements and other budgetary schedules, listed in the table of contents as supplemental information, are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures to the supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Troutt, Beeman & Co., P.C.

Harrisonville, Missouri
May 18, 2018

**CITY OF GRAIN VALLEY, MO
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Pooled cash and investments	\$ 8,971,149	\$ 4,028,679	\$ 12,999,828
Cash and investments-restricted	653,634	853,290	1,506,924
Taxes receivable, net	470,224	-	470,224
Accrued interest	995	1,460	2,455
Accounts receivable, net	50,685	622,773	673,458
Capacity charges, net of amortization	-	764,718	764,718
Inventories	-	74,440	74,440
Prepaid expenses	228,780	31,140	259,920
Bond discounts	3,051	-	3,051
Net pension asset	191,244	135,704	326,948
Capital assets:			
Land and construction in progress	4,711,508	663,648	5,375,156
Buildings and improvements	5,524,189	181,843	5,706,032
Land improvements	2,180,071	54,168	2,234,239
Furniture and equipment	1,466,969	503,330	1,970,299
Vehicles	931,750	490,981	1,422,731
Distribution system	-	20,881,123	20,881,123
Infrastructure	25,029,849	-	25,029,849
Less: accumulated depreciation	<u>(12,361,500)</u>	<u>(9,503,705)</u>	<u>(21,865,205)</u>
Total capital assets	<u>27,482,836</u>	<u>13,271,388</u>	<u>40,754,224</u>
Total assets	<u>38,052,598</u>	<u>19,783,592</u>	<u>57,836,190</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	<u>346,404</u>	<u>104,528</u>	<u>450,932</u>
Total assets and deferred outflows of resources	<u>38,399,002</u>	<u>19,888,120</u>	<u>58,287,122</u>
LIABILITIES			
Accounts payable and accrued expenses	348,479	326,723	675,202
Unearned revenues	-	12,275	12,275
Customer deposits	20,585	358,020	378,605
Liabilities payable from restricted assets	21,897	-	21,897
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	1,840,799	575,799	2,416,598
Claims payable	-	-	-
Compensated absences	37,294	10,598	47,892
Accrued interest	140,167	7,818	147,985
Due in more than one year:			
Bonds, capital leases, and contracts	15,911,080	886,403	16,797,483
Bond premium	-	29,567	29,567
Compensated absences	<u>149,178</u>	<u>42,386</u>	<u>191,564</u>
Total liabilities	<u>18,469,479</u>	<u>2,249,589</u>	<u>20,719,068</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	2,185,253	-	2,185,253
Pension	<u>147,829</u>	<u>64,627</u>	<u>212,456</u>
Total deferred inflows of resources	<u>2,333,082</u>	<u>64,627</u>	<u>2,397,709</u>
NET POSITION			
Net investment in capital assets	16,071,142	12,683,862	28,755,004
Restricted for:			
Capital projects	842,145	-	842,145
Parks	661,567	-	661,567
Road and street	1,077,835	-	1,077,835
Police and court	21,166	-	21,166
Debt service	1,116,281	418,277	1,534,558
Public health	91,540	-	91,540
Economic development	35,880	-	35,880
Prepaid items	228,780	-	228,780
Unrestricted	<u>(2,549,895)</u>	<u>4,471,765</u>	<u>1,921,870</u>
Total net position	<u>17,596,441</u>	<u>17,573,904</u>	<u>35,170,345</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 38,399,002</u>	<u>\$ 19,888,120</u>	<u>\$ 58,287,122</u>

See accompanying notes.

**CITY OF GRAIN VALLEY, MO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Primary Government		Total
			Program Revenue	Business-type Activities	
			Governmental Activities	Business-type Activities	
Primary government:					
Governmental activities:					
General government	\$ 917,222	\$ 25,572	\$ 3,845	\$ (887,805)	\$ (887,805)
Municipal court	112,469	136,406	-	23,937	23,937
Public safety	2,061,904	15,629	170,019	(1,876,256)	(1,876,256)
Planning and engineering	357,990	251,153	-	(106,837)	(106,837)
Economic development	482,284	-	53,135	(429,149)	(429,149)
Street	1,410,118	-	621,335	(788,783)	(788,783)
Parks and recreation	1,051,270	308,456	-	(742,814)	(742,814)
Public health	41,613	-	-	(41,613)	(41,613)
Interest on long-term debt	353,367	-	-	(353,367)	(353,367)
Total governmental activities	<u>6,788,237</u>	<u>737,216</u>	<u>848,334</u>	<u>(5,202,687)</u>	<u>(5,202,687)</u>
Business-type activities:					
Water and sewer	5,017,700	5,709,320	-	691,620	691,620
Total business-type activities	<u>5,017,700</u>	<u>5,709,320</u>	<u>-</u>	<u>691,620</u>	<u>691,620</u>
Total primary government	\$ 11,805,937	\$ 6,446,536	\$ 848,334	(5,202,687)	(4,511,067)
General revenues:					
Taxes:					
Property taxes, levied for general purposes				984,292	984,292
Property taxes, levied for specific purposes				2,590,114	2,590,114
Franchise taxes and other taxes				1,076,180	1,076,180
Sales taxes				2,388,160	2,388,160
Investment earnings				65,339	65,339
Miscellaneous				84,744	84,744
Total general revenues, special items, and transfers				<u>7,188,829</u>	<u>7,256,917</u>
Change in net position				1,986,142	2,745,850
Net position - beginning				15,610,299	32,424,495
Net position - ending				<u>\$ 17,596,441</u>	<u>\$ 35,170,345</u>

See accompanying notes.

**CITY OF GRAIN VALLEY, MO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>General</u>	<u>Park</u>	<u>Transportation</u>
ASSETS			
Pooled cash and investments	\$ 3,211,403	\$ 790,474	\$ 962,915
Cash and investments-restricted	26,458	236,034	236
Taxes receivable, net	225,030	53,469	138,257
Due from other funds	88,588	-	-
Accrued interest	400	-	-
Other receivables	14,529	-	-
Prepays	<u>79,413</u>	<u>10,455</u>	<u>6,682</u>
Total assets	<u>\$ 3,645,821</u>	<u>\$ 1,090,432</u>	<u>\$ 1,108,090</u>
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued expenses	\$ 73,397	\$ 8,335	\$ 18,599
Customer deposits	-	585	-
Due to other funds	-	-	-
Other liabilities	<u>21,897</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>95,294</u>	<u>8,920</u>	<u>18,599</u>
DEFERRED INFLOWS OF RESOURCES			
Advances of tax revenue	<u>652,423</u>	<u>144,057</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Prepaid items	79,413	10,455	6,682
Interfund advances	88,588	-	-
Restricted:			
Capital projects	-	-	-
Parks and recreation	-	692,974	-
Economic development	-	-	-
Debt service	-	234,026	-
Road and street	-	-	1,082,809
Public health	-	-	-
Police and court	21,166	-	-
Committed for:			
Emergency reserve	530,181	-	-
Budget stabilization reserve	353,454	-	-
Bond payments	-	-	-
Unassigned	<u>1,825,302</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,898,104</u>	<u>937,455</u>	<u>1,089,491</u>
Total liabilities and fund balances	<u>\$ 3,645,821</u>	<u>\$ 1,090,432</u>	<u>\$ 1,108,090</u>

See accompanying notes.

<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,077,151	\$ 1,929,206	\$ 8,971,149
-	390,906	653,634
-	53,469	470,225
-	-	88,588
595	-	995
-	36,156	50,685
<u>-</u>	<u>-</u>	<u>96,550</u>
<u>\$ 2,077,746</u>	<u>\$ 2,409,737</u>	<u>\$ 10,331,826</u>
\$ -	\$ 248,148	\$ 348,479
-	20,000	20,585
-	88,588	88,588
<u>-</u>	<u>-</u>	<u>21,897</u>
<u>-</u>	<u>356,736</u>	<u>479,549</u>
<u>1,177,855</u>	<u>210,918</u>	<u>2,185,253</u>
-	-	96,550
-	-	88,588
-	1,182,507	1,182,507
-	-	692,974
-	293,626	293,626
899,891	-	1,133,917
-	-	1,082,809
-	91,540	91,540
-	-	21,166
-	-	530,181
-	-	353,454
-	342,550	342,550
<u>-</u>	<u>(68,140)</u>	<u>1,757,162</u>
<u>899,891</u>	<u>1,842,083</u>	<u>7,667,024</u>
<u>\$ 2,077,746</u>	<u>\$ 2,409,737</u>	<u>\$ 10,331,826</u>

See accompanying notes.

**CITY OF GRAIN VALLEY, MO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

Fund balances - total governmental funds \$ 7,668,486

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 27,482,836

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position:

Net premiums and discounts	3,051
Net pension asset	<u>191,244</u>
	<u>194,295</u>

Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. (140,167)

Deferred pension inflows and outflows are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:

Inflows	(147,829)
Outflows	<u>346,404</u>
	<u>198,575</u>

Expenditures benefiting future periods are not reported in the governmental funds, yet are reflected as prepaid items in the statement of Net Position. 130,767

Long-term liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the government-wide statements:

Bonds and capital leases	(17,751,879)
Compensated absences	<u>(186,472)</u>
	<u>(17,938,351)</u>

Net Position of Governmental Activities in the Statement of Net Position \$ 17,596,441

See accompanying notes.

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CITY OF GRAIN VALLEY, MO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE --
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General Fund</u>	<u>Park</u>	<u>Transportation</u>
REVENUES			
Taxes	\$ 2,968,441	\$ 644,953	\$ 386,713
Intergovernmental	272,479	-	518,875
Charges for services	-	308,456	-
Fees and fines	428,760	-	-
Investment earnings	22,507	9,183	6,497
Other	14,384	402	36,824
	<u>3,706,571</u>	<u>962,994</u>	<u>948,909</u>
Total revenues			
	<u>3,706,571</u>	<u>962,994</u>	<u>948,909</u>
EXPENDITURES			
Current:			
Current expenditures:			
General government	706,938	-	-
Municipal court	112,469	-	-
Public safety	1,918,253	-	-
Planning and engineering	207,335	-	-
Street	-	-	450,269
Parks and recreation	-	821,579	-
Public health	-	-	-
Economic development	-	-	-
Capital outlay	127,578	279,735	195,919
Debt service:			
Principal	60,050	195,000	-
Interest and other charges	-	52,709	-
	<u>3,132,623</u>	<u>1,349,023</u>	<u>646,188</u>
Total expenditures			
	<u>3,132,623</u>	<u>1,349,023</u>	<u>646,188</u>
Excess (deficiency) of revenues over expenditures	<u>573,948</u>	<u>(386,029)</u>	<u>302,721</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	2,212	1,858	-
Transfers in	-	340,000	-
Transfers out	(106,000)	-	(25,000)
	<u>(103,788)</u>	<u>341,858</u>	<u>(25,000)</u>
Total other financing sources and uses			
	<u>(103,788)</u>	<u>341,858</u>	<u>(25,000)</u>
Net change in fund balances	470,160	(44,171)	277,721
Fund balances - beginning	<u>2,427,944</u>	<u>981,626</u>	<u>811,770</u>
Fund balances - ending	<u>\$ 2,898,104</u>	<u>\$ 937,455</u>	<u>\$ 1,089,491</u>

See accompanying notes.

<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,844,833	\$ 1,193,806	\$ 7,038,746
-	53,135	844,489
-	-	308,456
-	-	428,760
22,095	5,057	65,339
-	34,883	86,493
<u>1,866,928</u>	<u>1,286,881</u>	<u>8,772,283</u>
-	-	706,938
-	-	112,469
-	-	1,918,253
-	-	207,335
-	-	450,269
-	-	821,579
-	41,613	41,613
-	482,284	482,284
-	45,302	648,534
1,515,000	85,000	1,855,050
<u>220,743</u>	<u>179,811</u>	<u>453,263</u>
<u>1,735,743</u>	<u>834,010</u>	<u>7,697,587</u>
<u>131,185</u>	<u>452,871</u>	<u>1,074,696</u>
-	-	4,070
-	287,073	627,073
-	(496,073)	(627,073)
-	(209,000)	4,070
131,185	243,871	1,078,766
<u>768,706</u>	<u>1,598,212</u>	<u>6,588,258</u>
<u>\$ 899,891</u>	<u>\$ 1,842,083</u>	<u>\$ 7,667,024</u>

See accompanying notes.

CITY OF GRAIN VALLEY, MO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - total governmental funds: \$ 1,078,766

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. This is the amount by which capital outlays, which are over the capitalization threshold, exceeded depreciation in the current period:

Capital outlay	648,534
Loss on disposal of assets	(2,777)
Capital outlay expensed	(118,093)
Depreciation expense	(1,408,896)
	(881,232)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Net Position reports repayment as a reduction to long-term liabilities. This is the amount by which proceeds exceed repayments:

Repayment of principal	1,855,050
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Governmental funds report premiums and discounts as other financing sources. In contrast, those items are capitalized on the Statement of Net Position and amortized over the life of the bonds on the Statement of Activities. This is the net amount of premiums, discounts, and amortization,

Amortization of premiums/discounts	104,889
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Prepaid expense	(3,809)
Pension expense	(141,468)
Accrued interest not reflected on governmental funds	(4,993)
Compensated absences	(21,061)
	(171,331)

Change in net position of governmental activities	\$ 1,986,142
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See accompanying notes.

**CITY OF GRAIN VALLEY, MO
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2017**

	<u>Water and Sewer</u>
ASSETS:	
Current assets:	
Pooled cash and investments	\$ 4,028,679
Cash and investments-restricted	853,290
Receivables, net:	
Billed	330,306
Unbilled	292,467
Interest	1,460
Inventories	74,440
Prepaid expenses	31,140
Net pension asset	135,704
Total current assets	<u>5,747,486</u>
Non-current assets:	
Deferred charges, net of amortization	764,718
Capital assets, net	<u>13,271,388</u>
Total non-current assets	<u>14,036,106</u>
Total assets	<u>19,783,592</u>
 DEFERRED OUTFLOWS OF RESOURCES,	
Pension	<u>104,528</u>
Total assets and deferred outflows of resources	<u>19,888,120</u>
 LIABILITIES:	
Current liabilities:	
Accounts payable and accrued expenses	326,723
Unearned revenue	12,275
Accrued interest payable	7,818
Customer deposits	358,020
Compensated absences	10,598
Bonds, notes, and loans payable	<u>575,799</u>
Total current liabilities	<u>1,291,233</u>
Non-current liabilities:	
Compensated absences	42,386
Bond premium	29,567
Bonds, notes, and loans payable	<u>886,403</u>
Total non-current liabilities	<u>958,356</u>
Total liabilities	<u>2,249,589</u>
 DEFERRED INFLOWS OF RESOURCES,	
Pension	<u>64,627</u>
 NET POSITION:	
Net investment in capital assets	12,611,909
Restricted for debt service	418,277
Unrestricted	<u>4,543,718</u>
Total net position	<u>17,573,904</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 19,888,120</u>

See accompanying notes.

CITY OF GRAIN VALLEY, MO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION --
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Water and Sewer
REVENUES,	
Charges for services	\$ <u>5,709,320</u>
 OPERATING EXPENSES:	
Personnel services	1,075,407
Contractual services	62,061
Materials and supplies	137,245
Maintenance and repairs	134,351
Insurance	27,626
Utilities	62,830
Water purchases	1,447,535
Sewer services	1,174,044
Depreciation and amortization	814,885
Bad debts	<u>44,087</u>
	<u>4,980,071</u>
 Operating income	 <u>729,249</u>
 NON-OPERATING REVENUES (EXPENSES):	
Interest income	21,572
Miscellaneous income	46,516
Interest expense	<u>(37,629)</u>
	<u>30,459</u>
 Increase in net position	 <u>759,708</u>
 Total net position - beginning	 <u>16,814,196</u>
 Total net position - ending	 <u>\$ 17,573,904</u>

See accompanying notes.

CITY OF GRAIN VALLEY, MISSOURI

**STATEMENT OF CASH FLOWS -- PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Water and Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from customers	\$ 5,721,696
Payments to employees and fringe benefits	(1,033,777)
Payments for operations	(2,885,398)
Other receipts (payments)	<u>6,620</u>
Net cash provided by operating activities	<u>1,809,141</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES,	
Non-operating revenues	<u>46,516</u>
Net cash provided by noncapital financing activities	<u>46,516</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(157,002)
Principal paid on capital debt and leases	(565,196)
Interest paid on capital debt and leases	<u>(40,254)</u>
Net cash used by capital and related financing activities	<u>(762,452)</u>
CASH FLOWS FROM INVESTING ACTIVITIES,	
Investment income	<u>21,559</u>
Net cash provided by investing activities	<u>21,559</u>
Net increase in cash and cash equivalents	1,114,764
Cash and cash equivalents, Beginning of the year	<u>3,767,205</u>
Cash and cash equivalents, End of the year	<u>\$ 4,881,969</u>
Reconciliation of operating income to net cash provided by operating activities,	
Operating income	<u>\$ 729,249</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	814,885
Changes in assets and liabilities:	
Receivables, net	(3,702)
Inventories	(11,833)
Pension related deferrals and assets	37,846
Prepaid items	162,564
Accounts payable and accrued liabilities	57,447
Deferred revenue	16,065
Customer deposits	<u>6,620</u>
Total adjustments	<u>1,079,892</u>
Net cash provided by operating activities	<u>\$ 1,809,141</u>

See accompanying notes.

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NOTES TO FINANCIAL STATEMENTS

The Notes to the Financial Statements include a summary of the accounting policies followed and information used by the City that are judged to be most appropriate for full disclosure in the preparation of the financial statements.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Grain Valley, Missouri (the City), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

Reporting Entity: The City of Grain Valley, Missouri, was incorporated in 1945 and is located in Jackson County, Missouri. Grain Valley is a fourth class city and operates under the board of aldermen-administrator form of government and provides services to its residents in many areas, including law enforcement, water and sewer services, community enrichment, and various social services. The City Administrator is the chief administrative officer of the City. The accompanying financial statements present the City's primary government and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Management has considered all potential component units and has determined there are no entities outside of the primary government that should be blended into or discretely presented with the City's financial statements.

The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to local governments. With regard to FASB pronouncements issued after November 30, 1989, for its proprietary fund activities, the City has elected not to adopt any of those pronouncements. The City has also refrained from implementing FASB pronouncements issued after November 30, 1989.

Government-Wide and Fund Financial Statements: The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the City and its component units. *Governmental activities*, which are normally supported by taxes and governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Government-Wide and Fund Financial Statements (Continued):

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds include other Special Revenue and Capital Projects funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for non-major funds are presented with Combining and Individual Fund Statements and Schedules.

Measurement Focus, Basis of Accounting, and Basis of Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the following year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims, and judgments are reported only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

Property taxes that are not available for current year operations are shown as deferred revenue. Property taxes are levied each year on all taxable real and personal property in the City. The City's property tax is levied each September 1 on the assessed value as of the prior January 1. Property taxes are billed in total by November 1 following the levy date and considered delinquent after January 1. On January 1, a lien attaches to all property for which taxes are unpaid.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Charges for sales and services (other than utility) and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports the following major governmental funds:

The General Fund is the primary operating fund. Expenditures from this fund provide basic City services, such as police protection, planning, inspection, engineering, animal control, civil defense, municipal court, and overall basic services such as finance and data processing, personnel, and general administration of the City.

Revenue sources include taxes, which include property taxes, sales taxes, franchise taxes, and cigarette taxes. Other revenues include other fees and licenses, and revenue gathered from the municipal court and investment earnings.

The Park Fund accounts for taxes collected and expended for operations and improvements to the City's parks, community center, and pool.

The Transportation Fund accounts for sales tax collected and other resources to be used for road and bridge projects within the City and operation and maintenance of the City's streets, curbs, etc.

The Debt Service Fund accounts for property taxes collected and expended for the servicing of general long-term debt not being financed by proprietary funds.

The City reports the following non-major governmental funds:

The Public Health Fund accounts for property taxes levied for health related programs.

The Tourism Fund accounts for the taxes collected from hotels, motels, and campgrounds to be used to finance economic development.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

The Old Towne TIF Fund accounts for incremental property and sales taxes to be used to finance improvements in the special district.

The Capital Improvements Fund accounts for sales tax collected to be used for acquiring capital equipment and improving City facilities and infrastructure.

The Grain Valley Marketplace TIF Fund accounts for the activity in the special district approved in 2010, including any amounts due from the developer, future incremental tax revenues, and the issuance of any TIF bonds to finance eligible improvements made in the District.

The 2012 IDA TIF Fund accounts for bond proceeds and other financial resources segregated for the construction of capital improvements in economic development.

The 2011 G.O. Bond Fund accounts for bond proceeds and other financial resources segregated for the construction of street infrastructure.

The Grain Valley Marketplace TIF Reserve Fund accumulates resources and uncaptured TIF sales tax in the event there is a revenue shortfall. A three year reserve will be accumulated in this fund.

The Grain Valley Marketplace TIF Special Fund accounts for revenue collected within project #2, Grain Valley Marketplace. Funds are transferred to the Trustee.

The Grain Valley Marketplace CID Fund accounts for the amounts due from the developer and future incremental sales tax revenues to service any bonds issued to finance eligible improvements made in the CID district.

The Grain Valley Marketplace CID Sales Fund accumulates the 1% CID sales tax and USE tax revenue collected within project #2, Grain Valley Marketplace. Funds are transferred to the Trustee.

The Grain Valley Marketplace TIF Project #3 CID Fund accumulates CID taxes and expenses for the new development activity on the NW corner of the TIF.

The Grain Valley Marketplace TIF Project #3 TIF Fund accumulates the TIF PILOTS and EATS for the new development activity on the NW corner of the TIF.

The Grain Valley Interchange TIF Fund accounts for the expenses for the remaining three projects within the TIF. These areas were renamed the Interchange TIF when the plan was amended to split project 1 into 1A and 1B.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued):

The Grain Valley Marketplace NID Fund accounts for the amounts due from the developer and future special assessment tax revenues to service any bonds issued to finance eligible improvements made in the NID district.

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private-sector. The measurement focus is upon determination of net income, financial position, and cash flows. The City reports the following proprietary fund:

Water and Sewer Fund accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, billing, collection, and related debt service.

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of the activity, i.e., charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Net Position - Government-Wide Statements: Net Position is displayed in three components:

- (1) Net investment in capital assets component of net position: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- (2) Restricted component of net position: Consists of restricted assets, reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) Unrestricted component of net position: Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of "net investment in capital assets" or the "restricted" component of net position.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Net Position - Government-Wide Statements (Continued):

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Equity: In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Alderman—the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Alderman removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Alderman and the City Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balance include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budgets: The reported budgetary data represents the final approved budget after amendments as adopted by the Board of Alderman. Annual operating budgets are adopted for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds. Missouri law requires budgets to be adopted for all governmental funds. The City prepares its budgets on the modified accrual basis of accounting for its governmental funds and the accrual basis for its proprietary funds. The Board of Alderman has amended the budget at various times during the year and has performed the following procedures in establishing the City's budget:

- (1) Prior to November 30, the City Administrator submits to the Board of Alderman a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to January 1, the budget is legally enacted through the passage of an ordinance.
- (4) The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Alderman. This constitutes the City's legal level of budgetary control.
- (5) Appropriations lapse at year-end, but may be reappropriated in the following fiscal year.

Pooled Cash, Investments, and Restricted Assets: State statutes authorize the City to invest in banking institutions and obligations of municipalities, repurchase agreements, U.S. government agency obligations, and obligations of the U.S. Treasury. Cash resources of the individual governmental fund types are combined to form a pool of cash and investments. At December 31, 2017, the City's cash was deposited in demand accounts, certificates of deposit, and money markets. Investments with maturities of less than one year are stated at cost, which approximates fair value. All investments are stated at cost, which approximates fair value. Interest income on pooled cash and investments is allocated based upon each fund's respective average cash balance.

Certain proceeds of federal grants are classified as restricted assets on the balance sheet because their use is limited by applicable grant agreements. Assets are also restricted for court bonds, debt service reserve requirements, and refunding customer meter deposits.

Statement of Cash Flows: A statement of cash flows has been presented in accordance with Governmental Accounting Standards Board Statement 9 for the Proprietary Fund. For purposes of the statement of cash flows, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Accounts Receivable: Accounts receivable for water and sewer services are accounted for in the Water and Sewer Fund and include billed amounts as well as an accrual for the earned but unbilled services from the previous billing date through December 31, 2017. Accounts receivable in the General Fund represents charges for sales and franchise taxes. All accounts receivable are stated net of allowances.

Interfund Receivables and Payables: Transactions between funds that are representative of cash overdrafts from pooled cash and investing are reported as interfund receivables or payables.

Interfund Transactions: During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services and construct assets. Legally authorized transfers are treated as transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Inventory: Inventory, which consists principally of maintenance supplies, gasoline, and oil, is valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when purchased.

Capital Assets: Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable government or business-type activities columns in the government-wide statements. Capital assets are defined as assets with a cost of \$5,000 or more. Capital assets are recorded at historical cost if purchased or constructed, or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation on all assets is computed using the straight-line method over the following estimated lives:

Major Assets

Buildings	40 years
Plant, structure, and lines	50-60 years
Infrastructure	50 years
Equipment and vehicles	3-10 years

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources, or expenses/expenditures, until then. The City has only one item that qualifies for reporting in this category. It is the property taxes collected for the future budget period. The amount will be recorded as revenue when the revenue recognition process is complete.

Compensated Absences: Accumulated vacation and sick leave, that is expected to be liquidated with expendable available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Unearned Revenues: Governmental funds report unearned revenue when resources are received by the City before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when government has a legal claim to the resources, revenue is recognized. Proprietary funds report unearned revenues when resources are received by the City before services are provided. In subsequent periods after services have been provided revenue is recognized.

Long-Term Obligations: Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Encumbrances: Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary control. Encumbrances outstanding at year-end, if any, are reported as reservations of fund balance for subsequent year expenditures. When expenditures are incurred in subsequent years relating to amounts previously encumbered, such amounts are, if material, reappropriated in the year expended.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Total Columns on Combined Statements: Total columns on the combined statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. DEPOSITS AND INVESTMENTS:

At December 31, 2017, the carrying amount of the City's cash on hand, demand deposits, and certificates of deposit in financial institutions was \$900, \$11,294,067, and \$2,583,372, respectively. The bank balances of demand deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the City. All deposits were held by a qualified depository.

At December 31, 2017, the City's investments consisted of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Investment Rating</u>
Money Market	<u>\$ 624,933</u>	<u>\$ 624,933</u>	NA

Interest Rate Risk

Interest rate risk is the risk that changes interest rates that will adversely affect the fair value of an investment. The City does not have a formal policy for interest rate risk. However, the City does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio on an ongoing basis for changes in effective yield amounts. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (Continued):

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk of investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize demand deposits with securities held by the financial institution's agent and in the City's name.

At December 31, 2017, the City had the following investments and maturities:

Investment type,	Investment maturities (in years)			
	Value	Less than one	1-5	> 5
Money Market	\$ 624,933	\$ 624,933	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer.

Missouri State Statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits, and certificates of deposit. Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by statutes and approved by the State. The City may purchase any investments allowed by the State Treasurer. These include (a) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (b) repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

The City's general credit risk policy is to apply to prudent person rule: Investments shall be made with the exercise of that judgment and care, under circumstances then prevailing, which individuals of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probability safety of their capital, as well as the probable income to be derived.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (Continued):

At December 31, 2017, the carrying value of deposits and investments are summarized as follows:

Investments, Money Market	\$	624,933
Certificates of deposit		2,586,852
Cash on hand		900
Deposits		<u>11,294,067</u>
		<u>13,881,819</u>
Total	\$	<u><u>14,506,752</u></u>

Deposits and investments of the City are reflected in the government-wide financial statements as follows:

Government-wide statement of net assets:		
Pooled cash and investments	\$	12,999,828
Restricted cash		<u>1,506,924</u>
Total	\$	<u><u>14,506,752</u></u>

3. ACCOUNTS RECEIVABLE:

As a result of providing water and sanitation services to its citizens, the City has extended credit to them. Accounts receivable are presented net of allowance for doubtful accounts of \$106,997 for the Water & Sewer fund.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2017, consisted of the following:

	Balance 1/1/2017	Additions	Retirements	Balance 12/31/2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,459,660	\$ 45,000	\$ -	\$ 3,504,660
Construction in progress	1,219,077	-	12,229	1,206,848
Total capital assets not being depreciated	4,678,737	45,000	12,229	4,711,508
Capital assets being depreciated:				
Buildings and improvements	5,504,912	19,277	-	5,524,189
Infrastructure	24,842,889	186,960	-	25,029,849
Furniture and equipment	1,462,677	18,178	13,886	1,466,969
Land improvements	1,973,867	206,204	-	2,180,071
Vehicles	892,124	67,051	27,425	931,750
Total capital assets being depreciated	34,676,469	497,670	41,311	35,132,828
Less: Accumulated depreciation				
Buildings and improvements	2,080,521	150,123	-	2,230,644
Infrastructure	6,423,514	915,742	-	7,339,256
Furniture and equipment	953,733	131,777	11,109	1,074,401
Land improvements	940,551	99,956	-	1,040,507
Vehicles	592,819	111,298	27,425	676,692
Total accumulated depreciation	10,991,138	1,408,896	38,534	12,361,500
Total capital assets being depreciated, net	23,685,331	(911,226)	2,777	22,771,328
Total governmental activities capital assets, net	\$28,364,068	\$(866,226)	\$ 15,006	\$27,482,836

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS (Continued):

Capital asset activity for the year ended December 31, 2017, consisted of the following (Continued):

	Balance 1/1/2017	Additions	Retirements	Balance 12/31/2017
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 534,225	\$ -	\$ -	\$ 534,225
Construction in progress	129,423	-	-	129,423
Total capital assets not being depreciated	<u>663,648</u>	<u>-</u>	<u>-</u>	<u>663,648</u>
Capital assets being depreciated:				
Buildings and improvements	181,843	-	-	181,843
Distribution system	20,781,709	99,414	-	20,881,123
Furniture and equipment	445,742	57,588	-	503,330
Land improvements	54,168	-	-	54,168
Vehicles	490,981	-	-	490,981
Total capital assets being depreciated	<u>21,954,443</u>	<u>157,002</u>	<u>-</u>	<u>22,111,445</u>
Less: Accumulated depreciation:				
Buildings and improvements	76,895	4,524	-	81,419
Distribution system	8,130,717	597,482	-	8,728,199
Furniture and equipment	216,941	63,690	-	280,631
Land improvements	39,607	2,579	-	42,186
Vehicles	298,877	72,392	-	371,269
Total accumulated depreciation	<u>8,763,037</u>	<u>740,667</u>	<u>-</u>	<u>9,503,704</u>
Total capital assets being depreciated, net	<u>13,191,406</u>	<u>(583,665)</u>	<u>-</u>	<u>12,607,741</u>
Total business-type activities capital assets, net	<u>\$ 13,855,054</u>	<u>\$ (583,665)</u>	<u>\$ -</u>	<u>\$ 13,271,389</u>

Depreciation expense was charged to the function/programs of the primary government as follows:

Governmental activities:	
General government	\$ 104,247
Economic development	1,314
Public safety	85,042
Planning	150,655
Streets and highways	841,756
Parks and recreation	<u>225,882</u>
Total depreciation expense, governmental	<u>1,408,896</u>
Business-type activities,	
Water and sewer	<u>\$ 740,667</u>

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN:

Plan description: The City's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided: LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	2017 Valuation
Benefit Multiplier:	1.5%
Final Average Salary:	5 years
Member Contributions:	0%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees covered by benefit terms: At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	38
Active employees	54
	<hr/>
	109
	<hr/> <hr/>

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

Contributions: The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 8.3% General and 9.2% Police of annual covered payroll.

Net Pension Liability: The employer’s net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial Assumptions: The total pension liability in the February 28, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation	2.5% price inflation
Salary Increase	3.25% to 6.55% including wage inflation	
Investment rate of return	7.25%	

Mortality rates were based on the PR-2014 mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006.

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.00%	4.81%
Fixed Income	28.50%	1.72%
Real Assets	23.5%	3.42%

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

Discount rate: The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2016	\$ 5,032,793	\$ 5,083,610	\$ (50,817)
Changes for the year:			
Service Cost	228,868		228,868
Interest	369,383		369,383
Difference between expected and actual experience	(32,086)		(32,086)
Change in assumptions	-		-
Contributions - employer		215,918	(215,918)
Contributions - employee		-	-
Net investment income		621,049	(621,049)
Benefit payments, including refunds	(102,362)	(102,362)	-
Administrative expense		(7,671)	(7,671)
Other changes		13,000	(13,000)
Net changes	463,803	739,934	(276,131)
Balances at 6/30/2017	<u>\$ 5,496,596</u>	<u>\$ 5,823,544</u>	<u>\$ (326,948)</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower 6.25% or one percentage point higher 8.25% than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
	Total Pension Liability (TPL)	\$ 6,605,111	\$ 5,496,596
Plan Fiduciary Net Position	<u>5,823,544</u>	<u>5,823,544</u>	<u>5,823,544</u>
Net Position Liability/(Asset) (NPL)	<u>\$ 781,567</u>	<u>\$ (326,948)</u>	<u>\$ (1,203,568)</u>

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017 the employer recognized pension expense of \$295,918. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Deferred
	<u>Governmental</u>	<u>Business-type</u>	<u>Governmental</u>	<u>Business-type</u>	
Differences in experience	\$ 87,166	\$ 1,056	\$ (147,829)	\$ (64,627)	\$ (124,234)
Differences in assumptions	100,120	31,393	-	-	131,513
Excess (deficit) investment returns	94,861	23,604	-	-	118,465
Contributions subsequent to the measurement date*	64,257	48,475	-	-	112,732
Total	<u>\$ 346,404</u>	<u>\$ 104,528</u>	<u>\$ (147,829)</u>	<u>\$ (64,627)</u>	<u>\$ 238,476</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending 12/31/2018.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 75,792
2019	75,794
2020	25,967
2021	(46,942)
2022	(2,685)
Thereafter	(2,182)
	<u>\$ 125,744</u>

Payable to the Pension Plan

At December 31, 2017, the City reported a payable of \$0 for the outstanding amount of contributions due to the pension plan.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT:

Changes in long-term debt of the City for the year ended December 31, 2017, consisted of the following:

Governmental Activities					
	Balance January 1, 2017	Additions	Retirements	Balance December 31, 2017	Amounts Due Within One Year
General obligation bonds	\$ 12,814,676	\$ -	\$ 1,515,000	\$ 11,299,676	\$ 1,380,000
Certificates of participation	1,060,000	-	195,000	865,000	205,000
NID Notes	3,035,000	-	-	3,035,000	125,000
TIF Bonds	2,555,000	-	85,000	2,470,000	90,000
Note Payable	122,398	-	40,196	82,202	40,799
Capital leases	19,854	-	19,854	-	-
	19,606,928	-	1,855,050	17,751,878	1,840,799
Other liabilities, Compensated absences *	165,411	54,143	33,082	186,472	37,294
	\$ 19,772,339	\$ 54,143	\$ 1,888,132	\$ 17,938,350	\$ 1,878,093

* Primarily liquidated by the General Fund

Business-Type Activities					
	Balance January 1, 2017	Additions	Retirements	Balance December 31, 2017	Amounts Due Within One Year
Revenue bonds	\$ 1,905,000	\$ -	\$ 525,000	\$ 1,380,000	\$ 535,000
Note Payable	122,398	-	40,196	82,202	40,799
	2,027,398	-	565,196	1,462,202	575,799
Other liabilities, Compensated absences	52,984	10,598	10,598	52,984	10,598
	\$ 2,080,382	\$ 10,598	\$ 575,794	\$ 1,515,186	\$ 586,397

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund. The liability for compensated absences has been calculated using the vesting method, which leaves amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Total City debt at December 31, 2017, consisted of the following:

Governmental funds:

\$6,940,000, Series 2008A, general obligation bonds, issued for park and public infrastructure, due in annual installments of \$1,225,000 to \$415,000, through March 1, 2028, interest at 4% to 4.35%	\$ 3,745,000
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\$5,234,676, Series 2011, general obligation bonds, issued for construction of street infrastructure, due in annual installments of \$592,468 to \$305,118, through March 1, 2031, interest at 3.2% to 4.9%	5,234,676
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\$5,850,000, Series 2013 general obligation refunding bonds, issued for the refunding of Series 2005 general obligation bonds, due in annual installments of \$1,085,000 to \$1,215,000, through March 1, 2019, interest at 2%	<u>2,320,000</u>
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Total general obligation bonds	<u>11,299,676</u>
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\$2,335,000, Series 2006, certificate of participation, issued for construction and improvement to the Community Center, due in annual installments of \$100,000 to \$430,000, through September 1, 2020, interest at 4.25% to 5%	865,000
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\$3,035,000, Series 2016, neighborhood improvement district note, due in annual installments of \$125,000 to \$210,000 through March 1, 2036 interest at 2% to 3.15%	3,035,000
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\$325,000, 2015 Loan, issued for the purchase of land, the cost of which is split between General fund and Water/Sewer fund at 50%, due in annual installments of \$84,064, through July 1, 2019, interest at 1.5%	82,202
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\$2,830,000, Series 2012, tax increment revenue bonds, due in annual installments of \$115,000 to \$465,000, through September 1, 2033, interest at 2% to 4.375%	<u>2,470,000</u>
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Total governmental funds	<u><u>\$ 17,751,878</u></u>
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CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Proprietary fund:

\$3,855,000, Series 2013, Waterworks and Sewerage System Revenue Refunding Bonds, due in annual installments of \$300,000 to \$545,000, through October 1, 2020, interest at 2%	\$ 1,380,000
\$325,000, 2015 Loan, issued for the purchase of land, the cost of which is split between General fund and Water/Sewer fund at 50%, due in annual installments of \$84,064, through July 1, 2019, interest at 1.5%	<u>82,202</u>
Total proprietary fund	<u>\$ 1,462,202</u>

Tax Incentive Revenue Bonds and Development Agreements:

The City's Tax Incentive Revenue Bonds are recorded as a liability of the City to match revenue streams to the related debt for which they have been pledged. The City and other taxing districts and governmental entities have pledged a portion of future property tax and sales tax revenues to repay the \$2.83 million in Series 2012 Revenue Bonds issued to finance redevelopment projects within the Grain Valley Marketplace Tax Increment Financing (TIF) project. The bonds are payable solely from the incremental increase in property taxes and sales taxes generated within the TIF plan as well as revenues pledged by other taxing districts through cooperative agreements. TIF revenues and other pledged revenues were projected to produce sufficient funds to meet debt service requirements over the life of the bonds. Should these revenues not be sufficient to meet the required debt service obligations, the City, subject to annual appropriation, is obligated to make such debt service payments from other sources of its revenues. However, the City intends to annually appropriate funds sufficient to make all payments required by the bonds for the next fiscal year. Management does not anticipate that any of the City's funds will be required to make up any deficiency in bond payments during the next fiscal year.

Additionally, the City has entered into certain developer agreements whereby developer financed project costs that have been certified by the City as eligible are reimbursed from tax increment financing revenues attributable to the project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from incremental taxes during a period not to exceed 23 years. TIF revenues were projected to produce sufficient funds to reimburse the developer for certified costs. The developer obligations are limited solely to the amount of incremental taxes received attributable to each respective project; any deficiencies are the sole responsibility of the developer and do not constitute an obligation of the Commission or of the City.

At December 31, 2017, total principal and interest remaining on the IDA TIF Bonds was \$2.47 and \$1.1 million, respectively. The bonds are scheduled to mature at varying amounts through 2033 and the developer obligations are payable to the extent incremental taxes are available for a period not to exceed 23 years.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Aggregate annual principal and interest payments applicable to long-term debt are:

Years ending December 31	Principal	Interest	General Obligation Bonds Payable
2018	\$ 1,380,000	\$ 184,679	\$ 1,564,679
2019	1,500,000	150,557	1,650,557
2020	887,469	304,409	1,191,878
2021	876,166	318,612	1,194,778
2022	857,123	344,874	1,201,997
2023-2027	4,051,854	1,935,584	5,987,438
2028-2031	<u>1,747,064</u>	<u>1,771,956</u>	<u>3,519,020</u>
	<u>\$ 11,299,676</u>	<u>\$ 5,010,671</u>	<u>\$ 16,310,347</u>
Years ending December 31,	Principal	Interest	Certificates of Participation
2018	\$ 205,000	\$ 42,020	\$ 247,020
2019	230,000	33,000	263,000
2020	<u>430,000</u>	<u>21,500</u>	<u>451,500</u>
	<u>\$ 865,000</u>	<u>\$ 96,520</u>	<u>\$ 961,520</u>
Years ending December 31,	Principal	Interest	Note Payable *
2018	\$ 81,598	\$ 2,466	\$ 84,064
2019	<u>82,806</u>	<u>1,256</u>	<u>84,062</u>
	<u>\$ 164,404</u>	<u>\$ 3,722</u>	<u>\$ 168,126</u>

* Note payable is split between Governmental and Business-Type Activities

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>NID Note</u>
2018	\$ 125,000	\$ 92,763	\$ 217,763
2019	125,000	90,263	215,263
2020	130,000	87,616	217,616
2021	130,000	84,691	214,691
2022	135,000	81,443	216,443
2023-2027	735,000	345,899	1,080,899
2028-2032	855,000	219,540	1,074,540
2033-2036	<u>800,000</u>	<u>59,268</u>	<u>859,268</u>
	<u>\$ 3,035,000</u>	<u>\$ 1,061,483</u>	<u>\$ 4,096,483</u>

<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>IDA TIF Bonds</u>
2018	\$ 90,000	\$ 102,388	\$ 192,388
2019	90,000	99,238	189,238
2020	100,000	96,088	196,088
2021	100,000	92,588	192,588
2022	110,000	89,088	199,088
2023-2027	655,000	376,063	1,031,063
2028-2032	860,000	218,969	1,078,969
2033	<u>465,000</u>	<u>20,343</u>	<u>485,343</u>
	<u>\$ 2,470,000</u>	<u>\$ 1,094,765</u>	<u>\$ 3,564,765</u>

<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Revenue Bonds</u>
2018	\$ 535,000	\$ 27,600	\$ 562,600
2019	545,000	16,900	561,900
2020	<u>300,000</u>	<u>6,000</u>	<u>306,000</u>
	<u>\$ 1,380,000</u>	<u>\$ 50,500</u>	<u>\$ 1,430,500</u>

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Bond Reserve Accounts:

Under the Series 2013 Combined Waterworks/Sewerage System Revenue Refunding Bonds, the City is required to deposit monies into a debt service account sufficient to meet maturity dates of principal and interest. Further, after providing funds for current operations and principal and interest, excess funds will be deposited at a rate of \$1,000 monthly into a depreciation and replacement account until a balance of \$100,000 is reached. In addition, the City will make a deposit in the reserve account of \$140,650.

At December 31, 2017, the City was in compliance with these requirements.

Rates and fees established and charged were sufficient to satisfy bond covenant responsibilities for the water and sewer fund for the year ended December 31, 2017.

The City is authorized to issue industrial revenue bonds to provide financial assistance to a private-sector entity for the acquisition and construction of facilities deemed to be in the public interest. Bonds are secured by the property financed and are payable solely from payments received on the underlying lease agreement. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, State of Missouri, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, no building asset or bond liability has been reflected in the financial statements. At December 31, 2017, the City has one outstanding industrial revenue bond issue with a total principal amount of \$410,000.

The Missouri State Constitution permits a city, by a vote of either two-thirds or four-sevenths of the voting electorate, depending on the date of the election, to incur general obligation indebtedness for "city purposes" not to exceed 10% of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not to exceed, in the aggregate, an additional 10% of the assessed value of taxable tangible property, for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric, or other light plants, provided the total general obligation indebtedness does not exceed 20% of the assessed valuation of taxable property.

At December 31, 2017, the City's general obligation debt limit was \$39,301,816 and the legal debt margin was \$28,902,031.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued):

Advanced Refunding:

In April 2013, the City issued Series 2013 Water Revenue Refunding Bonds of \$3,855,000 to advance refund \$4,040,000 of outstanding Series 2001 Combined Water and Sewer Refunding and Improvement Bonds. This advance refunding was undertaken to reduce the total debt service payments by \$559,024 which resulted in an economic gain of approximately \$515,000.

In December 2013, the City issued Series 2013 General Obligation Refunding Bonds of \$5,850,000 to advance refund \$6,210,000 of outstanding Series 2005 General Obligation Bonds. This advance refunding was undertaken to reduce the total debt service payments by \$841,425 which resulted in an economic gain of approximately \$569,000.

7. RESTRICTED CASH:

Restricted cash and investments at December 31, 2017, consisted of the following:

<u>Account</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Water & Sewer Fund</u>	<u>Total</u>
Police	\$ 100	\$ -	\$ -	\$ 100
Municipal court	21,065	-	-	21,065
Customer deposits	-	-	358,020	358,020
Health plan and flex benefits	5,293	2,244	3,132	10,669
Tax deposits	-	130,008	-	130,008
Reserve for debt service	-	494,924	492,138	987,062
	<u>\$ 26,458</u>	<u>\$ 627,176</u>	<u>\$ 853,290</u>	<u>\$ 1,506,924</u>

8. LEGAL MATTERS:

There are a number of claims or lawsuits to which the City is, or may be, a party as a result of certain law enforcement activities, injuries and various other matters and complaints arising in the ordinary course of activities. The City's management and legal counsel believe that the potential claims against the City not covered by insurance, if any, resulting from such matters, would not materially affect the financial position of the City.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

9. TAX REVENUES:

The tax revenue, including interest and penalties collected thereon, for the year ended December 31, 2017, is as follows:

<u>Type</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
Property	\$ 984,292	\$ 687,570	\$ 1,774,945
Railroad	25,764	7,960	46,512
Franchise	1,076,180	-	-
Cigarette	-	26,894	-
City sales	867,679	720,161	-
Park sales	-	386,713	-
Transportation sales	-	386,713	-
Other	<u>14,526</u>	<u>9,461</u>	<u>23,376</u>
	<u>\$ 2,968,441</u>	<u>\$ 2,225,472</u>	<u>\$ 1,844,833</u>

The assessed valuation of the tangible property for the purpose of local taxation as of September 15, 2016, was as follows:

Real estate	\$ 147,504,728
Personal property	31,971,613
TIF	<u>3,621,840</u>
	<u>\$ 183,098,181</u>

The tax levy per \$100 of assessed valuation of tangible real and personal property for the calendar year 2017 was as follows:

General Fund	\$ 0.5554
Parks and Recreation Fund	0.1226
Health Fund	0.0489
Debt Service Funds	<u>1.0025</u>
	<u>\$ 1.7294</u>

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

10. INTERFUND TRANSACTIONS:

Interfund receivable and payable balances at December 31, 2017, were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 88,588	\$ -
Special Revenue Funds:		
Marketplace TIF	-	85,132
Marketplace NID	-	3,456
	<u>\$ 88,588</u>	<u>\$ 88,588</u>

Transfers during the year ended December 31, 2017, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 106,000
Special Revenue Funds:		
Park	340,000	-
Transportation	-	25,000
Public Health	-	40,000
Tourism	31,000	-
Capital Improvement	-	250,000
Marketplace CID	205	-
Marketplace CID Sales	-	18,178
2012 TIF IDA	188,914	-
Marketplace TIF Special	-	187,895
Marketplace TIF Reserve	66,954	-
	<u>\$ 627,073</u>	<u>\$ 627,073</u>

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

11. INTERGOVERNMENTAL REVENUE:

Intergovernmental revenue during the year ended December 31, 2017, consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
State:		
Department of Public Safety, Police Grants	\$ 170,019	\$ -
Department of Revenue:		
Motor Vehicle Sales Tax	-	115,812
Motor Vehicle Fuel Tax	-	346,289
Motor Vehicle Fees	-	56,774
County,		
Old Towne TIF	-	53,135
Local,		
School District	<u>102,460</u>	<u>-</u>
	<u>\$ 272,479</u>	<u>\$ 572,010</u>

12. RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation, and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three fiscal years.

13. DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional.

Employees may contribute up to 25% of their annual base salary to a maximum limit of \$17,500 per year. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. Investments are managed by the plan's trustee, and the choice of the investment option(s) is made by the participants.

The City does not make a contribution for either full-time or part-time employees participating in the plan

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

14. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

For the year ended December 31, 2017, in violation of Missouri state statutes and the City's budgetary process, the City had actual expenditures in excess of budget in the following funds:

Special Revenue Funds:	
Marketplace TIF Special	\$ 1,540
2012 TIF IDA	2,501
Old Town TIF	<u>5,453</u>
	<u>\$ 9,494</u>

For the year ended December 31, 2017, in violation of Missouri state statutes and the City's budgetary process, the City had budgeted a deficit without adequate fund balance in the following funds:

Special Revenue Fund,	
2011 General Obligation	\$ 46
Marketplace NID	<u>1,398</u>
	<u>\$ 1,444</u>

For the year ended December 31, 2017, in violation of Missouri state statutes and the City's budgetary process, the City had a fund balance deficit in the following funds:

Special Revenue Funds:	
Marketplace NID	\$ 1,330
Marketplace TIF	65,348
Marketplace TIF #3	<u>1,462</u>
	<u>\$ 68,140</u>

The City intends to reimburse the General Fund from future TIF revenues from the project.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

15. COMMITMENTS:

In 2009, the City entered into an agreement with the City of Blue Springs, Missouri, for sewer services. The City agreed to finance a portion of the Sni-A-Bar Wastewater Treatment Plant improvements. After the expansion is complete the City will own 47.5% of the capacity within the expanded portion, and will be obligated for 47.5% of the debt service associated with the improvements. The City's portion of the total debt service of the plant expansion is approximately \$11.2 million. The City has budgeted for the debt service payments and will continue until the bonds are paid off in 2031.

In 2009, the City entered into an agreement with the Missouri Highways and Transportation Commission for the improvement of various roads within the City. The cost of the project is approximately \$3,500,000, and is to be funded by the Missouri Highways and Transportation Commission. If the project expenses are in excess of the cost estimates the City would be obligated to fund the rest. At this time the City does not anticipate the projects will cost more than the original estimates.

In 2010, the City entered into an agreement with a developer to redevelop portions of the City. The City agreed to issue Tax Increment Financing (TIF) bonds to reimburse the developer for eligible site development costs. The City has committed to issuing up to an additional \$3,500,000 in TIF bonds to reimburse the developer for eligible construction costs. The total costs of the projects are estimated at approximately \$25,000,000.

16. WATER AND SEWER SERVICE CONTRACTS:

On April 15, 1992, the City entered into a contract with the City of Independence to purchase water through the year 2012. The contract was renewed in 2013 to supply water through the year 2033. The contract provided the City the right to an increased water supply at a cost of \$708,840, representing a share of plant expansion costs. This cost has been capitalized as a deferred charge and is amortized over the estimated useful life of the expansion.

On October 15, 2004, the City entered into a contract with Tri-County Water Authority (Tri-County) which requires the City to purchase a minimum of 50,000 gallons of water per day through October 18, 2024. As part of this agreement, the City is also billed by Tri-County for the pro-rata portion of the debt service it incurred to construct the water tower and lines required to provide the necessary water capacity. It is the City's understanding that the pro-rata debt service billings are based on the total amount of bonds that were issued to finance other Tri-County projects. As a result, an adjustment is expected to be made by Tri-County to future debt service charges to reflect the City's actual pro-rata portion of the total project costs.

The City has contracted with the City of Blue Springs to provide sewerage disposal service through the year 2026 and share the costs of expanding the sewer treatment plant. The City's \$2,550,974 has been capitalized as a deferred charge and is being amortized over the estimated useful life of the expansion. This agreement may be amended or terminated at any time upon mutual agreement of the two cities.

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS:

Water and sewer services are primarily financed by user charges and are accounted for in a combined enterprise fund. The City's estimate of the segmented financial data as of and for the year ended December 31, 2017, for these funds are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 2,510,332	\$ 3,198,988	\$ 5,709,320
Operating expenses	2,813,382	2,166,689	4,980,071
Depreciation and amortization	520,307	294,578	814,885
Operating income (loss)	(303,050)	1,032,299	729,249
Net income (loss)	(287,820)	1,047,528	759,708
Property, plant, and equipment additions	157,002	-	157,002
Working capital	2,569,592	1,886,661	4,456,253
Total fixed assets, net of accumulated depreciation	8,948,787	5,087,319	14,036,106
Revenue bonds	961,250	418,750	1,380,000

18. NET POSITION:

Net position is comprised of three categories: Net investment in capital assets; restricted net assets; and unrestricted net assets. The first category reflects the portion of net position which is associated with non-liquid, capital assets, less the outstanding debt (net) related to these capital assets. The related debt (net) is the debt less the outstanding liquid assets and any associated unamortized costs. Restricted net assets are restricted assets, (usually cash) that must be spent for specific purposes. Net assets, which are neither restricted nor related to capital assets, are reported as unrestricted net assets.

The City issued debt to finance the construction of infrastructure.

Capital assets, net	\$ 27,482,836
Total debt	(17,751,879)
Debt related to assets not owned by City:	
2016 neighborhood improvement district	3,035,000
2012 IDA tax increment financing bond	<u>2,470,000</u>
	5,505,000
 Debt service reserve	 491,772
Premium/discount	3,051
Unspent bond proceeds	<u>340,362</u>
 Net investment in capital assets	 <u><u>\$ 16,071,142</u></u>

CITY OF GRAIN VALLEY, MISSOURI

NOTES TO FINANCIAL STATEMENTS

19. PLEDGED REVENUES:

The City has pledged future water and sewer revenues, net of specified operating expenses, to repay debt issues totaling \$3,855,000. The Series 2013 Refunding Bonds were issued in the amount of \$3,855,000. Proceeds from the bonds were used to Refund the Series 2001 bonds which funded the infrastructure for the water and sewer system. The bonds are payable from the water and sewer fund net revenues and are payable through 2020. The total principal and interest remaining to be paid on the bonds are \$1,380,000 and \$50,500, respectively. Principal and interest paid for the current year are \$525,000 and \$38,100, respectively.

In 2012, the City also pledged sewer revenues to the City of Blue Springs, Missouri, to pay for the debt service of the Sni-A-Bar wastewater treatment plant improvements. The City of Grain Valley's portion of the City of Blue Springs debt service payments and administrative fees are approximately \$900,000 each year until 2031.

20. STABILIZATION AGREEMENT:

The City has adopted a stabilization agreement which sets aside 25% of budgeted General Fund expenditures of the prior fiscal year. The 25% stabilization is divided into two reserve categories, the Emergency Reserve and the Budget Stabilization Reserve. If the reserves are spent below the required levels, the City must develop and implement a plan to replenish those reserves. The progress of the replenishments shall be reported in the City's annual budget and quarterly financial reports.

21. TAX ABATEMENTS:

The City of Grain Valley enters into property tax abatement agreement with a local business under Article VI, Sections 27 and 27(b), Missouri Constitution; Sections 100.10 to 100.200 RSMo. Industrial development bonds may be issued to finance the land, buildings, fixtures, and machinery for warehouses, distribution facilities, research and development facilities, office industries, service industries engaged in interstate commerce, industrial plants, and certain types of commercial development. Retail and service industries in intrastate commerce are not eligible. Under this agreement the assets of the project have to be held by the City.

For the year ended December 31, 2017, the City abated property taxes totaling \$31,670 under this program. A 100% property tax abatement to a business for renovation of existing space and construction of approximately 41,000 square feet of new space.

22. EVALUATION OF SUBSEQUENT EVENTS:

The City has evaluated subsequent events through May 18, 2018, the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTAY INFORMATION
OTHER THAN MD&A

**CITY OF GRAIN VALLEY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes in Net Pension Liability and Related Ratios
Last 3 Fiscal Years**

<i>Fiscal year ending June 30,</i>	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 228,868	\$ 224,490	\$ 221,758
Interest on the Total Pension Liability	369,383	326,312	299,434
Benefit Changes	-	-	-
Difference between expected and actual experience	(32,086)	(62,639)	(86,293)
Assumption Changes	-	187,721	-
Benefit Payments	(102,362)	(66,157)	(64,886)
Refunds	-	-	-
Net Change in Total Pension Liability	463,803	609,727	370,013
Total Pension Liability beginning	5,032,793	4,423,066	4,053,053
Total Pension Liability ending	\$ 5,496,596	\$ 5,032,793	\$ 4,423,066
Plan Fiduciary Net Position			
Contributions-employer	\$ 215,918	\$ 230,740	\$ 253,622
Contributions-employee	-	-	-
Pension Plan Net Investment income	621,049	790	90,757
Benefit Payments	(102,362)	(66,157)	(64,886)
Refunds	-	-	-
Pension Plan Administrative expense	(7,671)	(7,154)	(8,203)
Other	13,000	(12,258)	131,679
Net Change in Plan Fiduciary Net Position	739,934	145,961	402,969
Plan Fiduciary Net Position beginning	5,083,610	4,937,649	4,534,680
Plan Fiduciary Net Position ending	\$ 5,823,544	\$ 5,083,610	\$ 4,937,649
Employer Net Pension Liability (Asset)	\$ (326,948)	\$ (50,817)	\$ (514,583)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	105.95%	101.01%	111.63%
Covered Employee Payroll	\$2,252,921	\$2,581,180	\$2,660,726
Employer's Net Pension Liability as a percentage of covered employee payroll	-14.51%	-1.97%	-19.34%

Notes to schedule:

Only the last 3 years are being shown, as other years come available they will be included until 10 years of data is shown.

**CITY OF GRAIN VALLEY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution Contributions in relation to the actuarially determined contribution	\$213,435	\$211,657	\$243,473	\$264,241	\$242,619	\$229,694	\$220,961	\$223,579	\$238,460	\$213,436
Contribution deficiency (excess)	213,435	211,657	243,473	264,241	242,619	229,694	220,961	223,579	238,460	213,436
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll Contributions as a percentage of covered-employee payroll	\$2,252,921	\$2,581,180	\$2,660,726	\$2,687,524	\$2,481,832	\$2,321,194	\$2,195,831	\$2,172,401	\$2,533,100	\$2,252,921
	9.47%	8.20%	9.15%	9.83%	9.78%	9.9%	10.06%	10.29%	9.41%	9.47%

Valuation date 2/28/2017

Notes The roll-forward of total pension liability from February 28, 2017 to June 30, 2017 reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumption used to determine contribution rates:

- Actuarial cost method Entry age normal and modified terminal funding
- Amortization method A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years.
- Remaining amortization period 15 years
- Asset valuation method 5 year smoothed market; 20% corridor
- Inflation 3.25% wage inflation; 2.5% price inflation
- Salary increases 3.25% to 6.55% including wage inflation
- Investment rate of return 7.25%, net of investment expenses
- Retirement age Experience-based table of rate that are specific to the type of eligibility condition
- Mortality RP-2014 mortality tables for males and females, adjusted for improvement back to the observation period base year of 2006. The base year for males and females was established to be . Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale.

Other information None

**CITY OF GRAIN VALLEY, MO
BUDGETARY COMPARISON SCHEDULE --
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES:				
Taxes	\$ 2,942,000	\$ 2,942,000	\$ 2,968,441	\$ 26,441
Intergovernmental	283,505	283,505	272,479	(11,026)
Fees and fines	427,099	427,099	428,760	1,661
Investment earnings	15,000	15,000	22,507	7,507
Other	14,200	14,200	14,384	184
	<u>3,681,804</u>	<u>3,681,804</u>	<u>3,706,571</u>	<u>24,767</u>
EXPENDITURES:				
Current:				
General government	904,488	889,988	706,938	183,050
Municipal court	133,677	133,677	112,469	21,208
Public safety	2,094,071	2,085,171	1,918,253	166,918
Planning and engineering	225,802	225,802	207,335	18,467
Capital outlay	115,519	138,919	127,578	11,341
Debt service:				
Principal	18,031	18,031	60,050	(42,019)
Interest and other charges	42,955	42,955	-	42,955
	<u>3,534,543</u>	<u>3,534,543</u>	<u>3,132,623</u>	<u>401,920</u>
Revenues over expenditures	<u>147,261</u>	<u>147,261</u>	<u>573,948</u>	<u>426,687</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale capital assets	-	-	2,212	2,212
Transfers out	(106,000)	(106,000)	(106,000)	-
Total other financing sources and (uses)	<u>(106,000)</u>	<u>(106,000)</u>	<u>(103,788)</u>	<u>2,212</u>
Net change in fund balances	41,261	41,261	470,160	428,899
Fund balances - beginning	<u>2,427,944</u>	<u>2,427,944</u>	<u>2,427,944</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,469,205</u>	<u>\$ 2,469,205</u>	<u>\$ 2,898,104</u>	<u>\$ 428,899</u>

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 PARK FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES:				
Taxes	\$ 600,700	\$ 600,700	\$ 644,953	\$ 44,253
Charges for services	371,070	468,370	308,456	(159,914)
Investment earnings	2,800	2,800	9,183	6,383
Miscellaneous	<u>860</u>	<u>860</u>	<u>402</u>	<u>(458)</u>
	<u>975,430</u>	<u>1,072,730</u>	<u>962,994</u>	<u>(109,736)</u>
EXPENDITURES:				
Current,				
Parks and recreation	837,869	869,869	821,579	48,290
Capital outlay	226,875	281,925	279,735	2,190
Debt service:				
Principal	195,000	195,000	195,000	-
Interest and other charges	<u>53,800</u>	<u>53,800</u>	<u>52,709</u>	<u>1,091</u>
	<u>1,313,544</u>	<u>1,400,594</u>	<u>1,349,023</u>	<u>51,571</u>
Revenues under expenditures	<u>(338,114)</u>	<u>(327,864)</u>	<u>(386,029)</u>	<u>(58,165)</u>
OTHER FINANCING SOURCES:				
Proceeds from sale of capital assets	400	400	1,858	1,458
Transfers in	<u>340,000</u>	<u>340,000</u>	<u>340,000</u>	<u>-</u>
Total other financing sources	<u>340,400</u>	<u>340,400</u>	<u>341,858</u>	<u>1,458</u>
Net change in fund balances	2,286	12,536	(44,171)	(56,707)
Fund balances - beginning	<u>981,626</u>	<u>981,626</u>	<u>981,626</u>	<u>-</u>
Fund balances - ending	<u>\$ 983,912</u>	<u>\$ 994,162</u>	<u>\$ 937,455</u>	<u>\$ (56,707)</u>

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 TRANSPORTATION
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES:				
Taxes	\$ 352,000	\$ 352,000	\$ 386,713	\$ 34,713
Intergovernmental	495,000	495,000	518,875	23,875
Investment earnings	500	500	6,497	5,997
Miscellaneous	<u>-</u>	<u>-</u>	<u>36,824</u>	<u>36,824</u>
	<u>847,500</u>	<u>847,500</u>	<u>948,909</u>	<u>101,409</u>
EXPENDITURES:				
Current,				
Street	557,478	557,478	450,269	107,209
Capital outlay	<u>202,657</u>	<u>202,657</u>	<u>195,919</u>	<u>6,738</u>
	<u>760,135</u>	<u>760,135</u>	<u>646,188</u>	<u>113,947</u>
Revenues over expenditures	<u>87,365</u>	<u>87,365</u>	<u>302,721</u>	<u>215,356</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total other financing sources and (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balances	62,365	62,365	277,721	215,356
Fund balances - beginning	<u>811,770</u>	<u>811,770</u>	<u>811,770</u>	<u>-</u>
Fund balances - ending	<u>\$ 874,135</u>	<u>\$ 874,135</u>	<u>\$ 1,089,491</u>	<u>\$ 215,356</u>

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**CITY OF GRAIN VALLEY, MO
BALANCE SHEET –
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>Public Health</u>	<u>Tourism</u>	<u>Old Towne TIF</u>	<u>Capital Improvements</u>	<u>2012 IDA TIF</u>	<u>2011 GO Bond</u>	<u>Marketplace TIF</u>
ASSETS:							
Cash and investments	\$ 149,645	\$ 35,282	\$ 233,817	\$ 434,009	\$ -	\$ 184,819	\$ 19,905
Cash and investments-restricted	-	-	-	-	260,898	-	-
Taxes receivable, net	-	-	-	53,469	-	-	-
Other receivables	-	-	9,998	-	-	-	19,879
Total assets	<u>\$ 149,645</u>	<u>\$ 35,282</u>	<u>\$ 243,815</u>	<u>\$ 487,478</u>	<u>\$ 260,898</u>	<u>\$ 184,819</u>	<u>\$ 39,784</u>
LIABILITIES AND FUND BALANCES:							
Accounts payable	\$ 604	\$ -	\$ 223,663	\$ -	\$ 2,554	\$ -	\$ -
Customer deposits	-	-	-	-	-	-	20,000
Due to other funds	-	-	-	-	-	-	85,132
Total liabilities	<u>604</u>	<u>-</u>	<u>223,663</u>	<u>-</u>	<u>2,554</u>	<u>-</u>	<u>105,132</u>
Deferred inflows or resources, Advances of tax revenues	<u>57,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted:							
Public health	91,540	-	-	-	-	-	-
Economic development	-	35,282	-	-	258,344	-	-
Capital projects	-	-	20,152	487,478	-	184,819	-
Committed for, Bond payments	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(65,348)
Total fund balances (deficit)	<u>91,540</u>	<u>35,282</u>	<u>20,152</u>	<u>487,478</u>	<u>258,344</u>	<u>184,819</u>	<u>(65,348)</u>
Total liabilities and fund balances	<u>\$ 149,645</u>	<u>\$ 35,282</u>	<u>\$ 243,815</u>	<u>\$ 487,478</u>	<u>\$ 260,898</u>	<u>\$ 184,819</u>	<u>\$ 39,784</u>

<u>Marketplace TIF Reserve</u>	<u>Marketplace TIF Special</u>	<u>Marketplace NID</u>	<u>Marketplace CID</u>	<u>Marketplace CID Sales</u>	<u>Marketplace TIF Project #3 TIF</u>	<u>Interchange TIF</u>	<u>Marketplace TIF Project #3 CID</u>	<u>Total Governmental Funds</u>
\$ 342,550	\$ 20,662	\$ 155,543	\$ -	\$ 7,143	\$ 3,569	\$ 342,262	\$ -	\$ 1,929,206
-	52,429	-	-	77,579	-	-	-	390,906
-	-	-	-	-	-	-	-	53,469
-	6,279	-	-	-	-	-	-	36,156
<u>\$ 342,550</u>	<u>\$ 79,370</u>	<u>\$ 155,543</u>	<u>\$ -</u>	<u>\$ 84,722</u>	<u>\$ 3,569</u>	<u>\$ 342,262</u>	<u>\$ -</u>	<u>\$ 2,409,737</u>
\$ -	\$ 9,917	\$ -	\$ -	\$ 7,314	\$ -	\$ 2,634	\$ 1,462	\$ 248,148
-	-	-	-	-	-	-	-	20,000
-	-	3,456	-	-	-	-	-	88,588
-	9,917	3,456	-	7,314	-	2,634	1,462	356,736
-	-	153,417	-	-	-	-	-	210,918
-	-	-	-	-	-	-	-	91,540
-	-	-	-	-	-	-	-	293,626
-	69,453	-	-	77,408	3,569	339,628	-	1,182,507
342,550	-	-	-	-	-	-	-	342,550
-	-	(1,330)	-	-	-	-	(1,462)	(68,140)
<u>342,550</u>	<u>69,453</u>	<u>(1,330)</u>	<u>-</u>	<u>77,408</u>	<u>3,569</u>	<u>339,628</u>	<u>(1,462)</u>	<u>1,842,083</u>
<u>\$ 342,550</u>	<u>\$ 79,370</u>	<u>\$ 155,543</u>	<u>\$ -</u>	<u>\$ 84,722</u>	<u>\$ 3,569</u>	<u>\$ 342,262</u>	<u>\$ -</u>	<u>\$ 2,409,737</u>

CITY OF GRAIN VALLEY, MO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE -- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Public Health</u>	<u>Tourism Tax</u>	<u>Old Towne TIF</u>	<u>Capital Improvements</u>	<u>2012 IDA TIF</u>	<u>2011 GO Bond</u>	<u>Marketplace TIF</u>
REVENUES:							
Taxes	\$ 90,157	\$ 36,611	\$ 326,295	\$ 386,713	\$ -	\$ -	\$ -
Intergovernmental	-	-	53,135	-	-	-	-
Investment earnings	873	-	-	-	651	1,265	-
Miscellaneous	<u>955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,812</u>
Total revenues	<u>91,985</u>	<u>36,611</u>	<u>379,430</u>	<u>386,713</u>	<u>651</u>	<u>1,265</u>	<u>4,812</u>
EXPENDITURES:							
Current:							
Economic development	-	62,278	385,453	-	13,254	-	4,104
Public health	41,613	-	-	-	-	-	-
Capital outlay	-	45,302	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	85,000	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,747</u>	<u>-</u>	<u>2,032</u>
Total expenditures	<u>41,613</u>	<u>107,580</u>	<u>385,453</u>	<u>-</u>	<u>205,001</u>	<u>-</u>	<u>6,136</u>
Excess (deficiency) of revenues over expenditures	<u>50,372</u>	<u>(70,969)</u>	<u>(6,023)</u>	<u>386,713</u>	<u>(204,350)</u>	<u>1,265</u>	<u>(1,324)</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	-	31,000	-	-	188,914	-	-
Transfers out	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(40,000)</u>	<u>31,000</u>	<u>-</u>	<u>(250,000)</u>	<u>188,914</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,372	(39,969)	(6,023)	136,713	(15,436)	1,265	(1,324)
Fund balances (deficit) - beginning	<u>81,168</u>	<u>75,251</u>	<u>26,175</u>	<u>350,765</u>	<u>273,780</u>	<u>183,554</u>	<u>(64,024)</u>
Fund balances (deficit) - ending	<u>\$ 91,540</u>	<u>\$ 35,282</u>	<u>\$ 20,152</u>	<u>\$ 487,478</u>	<u>\$ 258,344</u>	<u>\$ 184,819</u>	<u>\$ (65,348)</u>

Marketplace TIF Reserve	Marketplace TIF Special	Marketplace NID	Marketplace CID	Marketplace CID Sales	Marketplace TIF Project #3 TIF	Interchange TIF	Marketplace TIF Project #3 CID	Total Governmental Funds
\$ -	\$ 169,593	\$ -	\$ -	\$ 61,647	\$ -	\$ 122,790	\$ -	\$ 1,193,806
-	-	-	-	-	-	-	-	53,135
-	146	-	-	134	-	1,988	-	5,057
-	-	-	13,254	-	12,506	-	3,356	34,883
-	169,739	-	13,254	61,781	12,506	124,778	3,356	1,286,881
-	-	-	-	3,440	8,937	-	4,818	482,284
-	-	-	-	-	-	-	-	41,613
-	-	-	-	-	-	-	-	45,302
-	-	-	-	-	-	-	-	85,000
-	-	71,032	-	-	-	-	-	179,811
-	-	71,032	-	3,440	8,937	-	4,818	834,010
-	169,739	(71,032)	13,254	58,341	3,569	124,778	(1,462)	452,871
66,954	-	-	205	-	-	-	-	287,073
-	(187,895)	-	-	(18,178)	-	-	-	(496,073)
66,954	(187,895)	-	205	(18,178)	-	-	-	(209,000)
66,954	(18,156)	(71,032)	13,459	40,163	3,569	124,778	(1,462)	243,871
275,596	87,609	69,702	(13,459)	37,245	-	214,850	-	1,598,212
\$ 342,550	\$ 69,453	\$ (1,330)	\$ -	\$ 77,408	\$ 3,569	\$ 339,628	\$ (1,462)	\$ 1,842,083

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 1,768,000	\$ 1,768,000	\$ 1,844,833	\$ 76,833
Investment earnings	16,000	16,000	22,095	6,095
	<u>1,784,000</u>	<u>1,784,000</u>	<u>1,866,928</u>	<u>82,928</u>
EXPENDITURES,				
Debt service:				
Principal	1,520,000	1,520,000	1,515,000	5,000
Interest and other charges	225,000	225,000	220,743	4,257
	<u>1,745,000</u>	<u>1,745,000</u>	<u>1,735,743</u>	<u>9,257</u>
Revenues over expenditures	<u>39,000</u>	<u>39,000</u>	<u>131,185</u>	<u>92,185</u>
Net change in fund balances	39,000	39,000	131,185	92,185
Fund balances - beginning	<u>768,706</u>	<u>768,706</u>	<u>768,706</u>	<u>-</u>
Fund balances - ending	<u>\$ 807,706</u>	<u>\$ 807,706</u>	<u>\$ 899,891</u>	<u>\$ 92,185</u>

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 TOURISM TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES,				
Taxes	\$ 34,000	\$ 34,000	\$ 36,611	\$ 2,611
EXPENDITURES,				
Current:				
Economic development	65,000	65,000	62,278	2,722
Capital outlay	-	45,000	45,302	(302)
	<u>65,000</u>	<u>110,000</u>	<u>107,580</u>	<u>2,420</u>
Revenues under expenditures	(31,000)	(76,000)	(70,969)	5,031
OTHER FINANCING SOURCES,				
Transfers in	31,000	31,000	31,000	-
Net change in fund balances	-	(45,000)	(39,969)	5,031
Fund balances - beginning	75,251	75,251	75,251	-
Fund balances - ending	<u>\$ 75,251</u>	<u>\$ 30,251</u>	<u>\$ 35,282</u>	<u>\$ 5,031</u>

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 PUBLIC HEALTH FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 92,200	\$ 92,200	\$ 90,157	\$ (2,043)
Investment earnings	1,200	1,200	873	(327)
Miscellaneous	<u>-</u>	<u>-</u>	<u>955</u>	<u>955</u>
	<u>93,400</u>	<u>93,400</u>	<u>91,985</u>	<u>(1,415)</u>
EXPENDITURES,				
Current,				
Public health	<u>53,000</u>	<u>53,000</u>	<u>41,613</u>	<u>11,387</u>
Revenues over expenditures	<u>40,400</u>	<u>40,400</u>	<u>50,372</u>	<u>9,972</u>
OTHER FINANCING USES,				
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balances	400	400	10,372	9,972
Fund balances - beginning	<u>81,168</u>	<u>81,168</u>	<u>81,168</u>	<u>-</u>
Fund balances - ending	<u>\$ 81,568</u>	<u>\$ 81,568</u>	<u>\$ 91,540</u>	<u>\$ 9,972</u>

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 OLD TOWNE TIF
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 330,000	\$ 330,000	\$ 326,295	\$ (3,705)
Intergovernmental	<u>50,000</u>	<u>50,000</u>	<u>53,135</u>	<u>3,135</u>
	<u>380,000</u>	<u>380,000</u>	<u>379,430</u>	<u>(570)</u>
EXPENDITURES,				
Current,				
Economic development	<u>380,000</u>	<u>380,000</u>	<u>385,453</u>	<u>(5,453)</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>(6,023)</u>	<u>(6,023)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(6,023)</u>	<u>(6,023)</u>
	<u>26,175</u>	<u>26,175</u>	<u>26,175</u>	<u>-</u>
Fund balances - ending	<u>\$ 26,175</u>	<u>\$ 26,175</u>	<u>\$ 20,152</u>	<u>\$ (6,023)</u>

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 CAPITAL IMPROVEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Taxes	\$ 350,000	\$ 350,000	\$ 386,713	\$ 36,713
EXPENDITURES,				
Capital outlay	100,000	100,000	-	100,000
Revenues over expenditures	250,000	250,000	386,713	136,713
OTHER FINANCING USES,				
Transfers out	(250,000)	(250,000)	(250,000)	-
Net change in fund balances	-	-	136,713	136,713
Fund balances - beginning	350,765	350,765	350,765	-
Fund balances - ending	\$ 350,765	\$ 350,765	\$ 487,478	\$ 136,713

CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 2011 GENERAL OBLIGATION BOND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Investment earnings	\$ -	\$ -	\$ 1,265	\$ 1,265
EXPENDITURES,				
Capital outlay	785,000	183,600	-	183,600
Revenues under expenditures	(785,000)	(183,600)	1,265	184,865
Net change in fund balances	(785,000)	(183,600)	1,265	184,865
Fund balances - beginning	183,554	183,554	183,554	-
Fund balances - ending	<u>\$ (601,446)</u>	<u>\$ (46)</u>	<u>\$ 184,819</u>	<u>\$ 184,865</u>

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 MARKETPLACE TIF
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Miscellaneous	\$ 8,000	\$ 8,000	\$ 4,812	\$ (3,188)
EXPENDITURES:				
Current,				
Economic development	5,000	5,000	4,104	896
Debt service,				
Interest and other charges	3,000	3,000	2,032	968
	<u>8,000</u>	<u>8,000</u>	<u>6,136</u>	<u>1,864</u>
Revenues under expenditures	-	-	(1,324)	(1,324)
Net change in fund balances	-	-	(1,324)	(1,324)
Fund balances - beginning	<u>(64,024)</u>	<u>(64,024)</u>	<u>(64,024)</u>	<u>-</u>
Fund balances - ending	<u>\$ (64,024)</u>	<u>\$ (64,024)</u>	<u>\$ (65,348)</u>	<u>\$ (1,324)</u>

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 MARKETPLACE TIF RESERVE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES):				
Transfers in	\$ 75,000	\$ 75,000	\$ 66,954	\$ (8,046)
Transfers out	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>	<u>55,000</u>
Total other financing sources and uses	<u>20,000</u>	<u>20,000</u>	<u>66,954</u>	<u>46,954</u>
Net change in fund balances	20,000	20,000	66,954	46,954
Fund balances - beginning	<u>275,596</u>	<u>275,596</u>	<u>275,596</u>	<u>-</u>
Fund balances - ending	<u>\$ 295,596</u>	<u>\$ 295,596</u>	<u>\$ 342,550</u>	<u>\$ 46,954</u>

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 MARKETPLACE TIF SPECIAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 140,000	\$ 165,000	\$ 169,593	\$ 4,593
Investment earnings	-	-	146	146
	<u>140,000</u>	<u>165,000</u>	<u>169,739</u>	<u>4,739</u>
EXPENDITURES,				
Debt service, Principal	<u>115,000</u>	-	-	-
Excess of revenues over expenditures	<u>25,000</u>	<u>165,000</u>	<u>169,739</u>	<u>4,739</u>
OTHER FINANCING USES,				
Transfers out	<u>(50,000)</u>	<u>(190,000)</u>	<u>(187,895)</u>	<u>2,105</u>
Net change in fund balances	(25,000)	(25,000)	(18,156)	6,844
Fund balances - beginning	<u>87,609</u>	<u>87,609</u>	<u>87,609</u>	-
Fund balances - ending	<u>\$ 62,609</u>	<u>\$ 62,609</u>	<u>\$ 69,453</u>	<u>\$ 6,844</u>

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 2012 TIF IDA FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Investment earnings	\$ -	\$ -	\$ 651	\$ 651
EXPENDITURES:				
Current,				
Economic development	-	13,250	13,254	(4)
Debt service:				
Principal	80,000	80,000	85,000	(5,000)
Interest and other charges	110,000	109,250	106,747	2,503
	<u>190,000</u>	<u>202,500</u>	<u>205,001</u>	<u>(2,501)</u>
Revenues under expenditures	<u>(190,000)</u>	<u>(202,500)</u>	<u>(204,350)</u>	<u>(1,850)</u>
OTHER FINANCING SOURCES,				
Transfers in	<u>191,770</u>	<u>189,250</u>	<u>188,914</u>	<u>(336)</u>
Net change in fund balances	1,770	(13,250)	(15,436)	(2,186)
Fund balances - beginning	<u>273,780</u>	<u>273,780</u>	<u>273,780</u>	<u>-</u>
Fund balances - ending	<u>\$ 275,550</u>	<u>\$ 260,530</u>	<u>\$ 258,344</u>	<u>\$ (2,186)</u>

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 MARKETPLACE NID
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Investment earnings	\$ 200	\$ -	\$ -	\$ -
EXPENDITURES:				
Current,				
Economic development	500	-	-	-
Debt service:				
Interest and other charges	<u>75,500</u>	<u>71,100</u>	<u>71,032</u>	<u>68</u>
	<u>76,000</u>	<u>71,100</u>	<u>71,032</u>	<u>68</u>
Net change in fund balances	(75,800)	(71,100)	(71,032)	68
Fund balances - beginning	<u>69,702</u>	<u>69,702</u>	<u>69,702</u>	<u>-</u>
Fund balances - ending	<u>\$ (6,098)</u>	<u>\$ (1,398)</u>	<u>\$ (1,330)</u>	<u>\$ 68</u>

CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 MARKETPLACE CID FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES,				
Miscellaneous	\$ -	\$ -	\$ 13,254	13,254
OTHER FINANCING USES,				
Transfers in	-	-	205	205
Net change in fund balances	-	-	13,459	13,459
Fund balances - beginning	(13,459)	(13,459)	(13,459)	-
Fund balances - ending	<u>\$ (13,459)</u>	<u>\$ (13,459)</u>	<u>\$ -</u>	<u>\$ 13,459</u>

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 MARKETPLACE CID SALES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 120,000	\$ 120,000	\$ 61,647	\$ (58,353)
Investment earnings	<u>50</u>	<u>50</u>	<u>134</u>	<u>84</u>
	<u>120,050</u>	<u>120,050</u>	<u>61,781</u>	<u>(58,269)</u>
EXPENDITURES,				
Current, Economic development	<u>8,280</u>	<u>8,280</u>	<u>3,440</u>	<u>4,840</u>
Revenues over expenditures	<u>111,770</u>	<u>111,770</u>	<u>58,341</u>	<u>(53,429)</u>
OTHER FINANCING SOURCES (USES),				
Transfers out	<u>(111,770)</u>	<u>(111,770)</u>	<u>(18,178)</u>	<u>93,592</u>
Net change in fund balances	-	-	40,163	40,163
Fund balances - beginning	<u>37,245</u>	<u>37,245</u>	<u>37,245</u>	<u>-</u>
Fund balances - ending	<u>\$ 37,245</u>	<u>\$ 37,245</u>	<u>\$ 77,408</u>	<u>\$ 40,163</u>

CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 MARKETPLACE CID TIF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES,				
Miscellaneous	\$ -	\$ 20,000	\$ 12,506	\$ (7,494)
EXPENDITURES,				
Current,				
Economic development	-	20,000	8,937	11,063
Revenues over expenditures	-	-	3,569	3,569
Net change in fund balances	-	-	3,569	3,569
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 3,569	\$ 3,569

**CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 INTERCHANGE TIF
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 80,000	\$ 80,000	\$ 122,790	\$ 42,790
Investment earnings	<u>50</u>	<u>-</u>	<u>1,988</u>	<u>1,988</u>
	<u>80,050</u>	<u>80,000</u>	<u>124,778</u>	<u>44,778</u>
EXPENDITURES,				
Current,				
Economic development	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess of revenues over expenditures	<u>80,050</u>	<u>75,000</u>	<u>124,778</u>	<u>49,778</u>
Net change in fund balances	80,050	75,000	124,778	49,778
Fund balances - beginning	<u>214,850</u>	<u>214,850</u>	<u>214,850</u>	<u>-</u>
Fund balances - ending	<u>\$ 294,900</u>	<u>\$ 289,850</u>	<u>\$ 339,628</u>	<u>\$ 49,778</u>

CITY OF GRAIN VALLEY, MO
 BUDGETARY COMPARISON SCHEDULE --
 MARKETPLACE TIF #3
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
	-	-	3,356	3,356
EXPENDITURES,				
Current,				
Economic development	-	-	4,818	(4,818)
Excess of revenues over expenditures	-	-	(1,462)	(1,462)
Net change in fund balances	-	-	(1,462)	(1,462)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ (1,462)	\$ (1,462)